



# Investing in tomorrow

Annual Report  
and Accounts 2023

[britishpatientcapital.co.uk](https://britishpatientcapital.co.uk)

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“  
British Patient Capital continues to  
play a central role in anchoring and  
supporting the venture capital  
market in the UK

”  
**Russ Cummings**  
Chair



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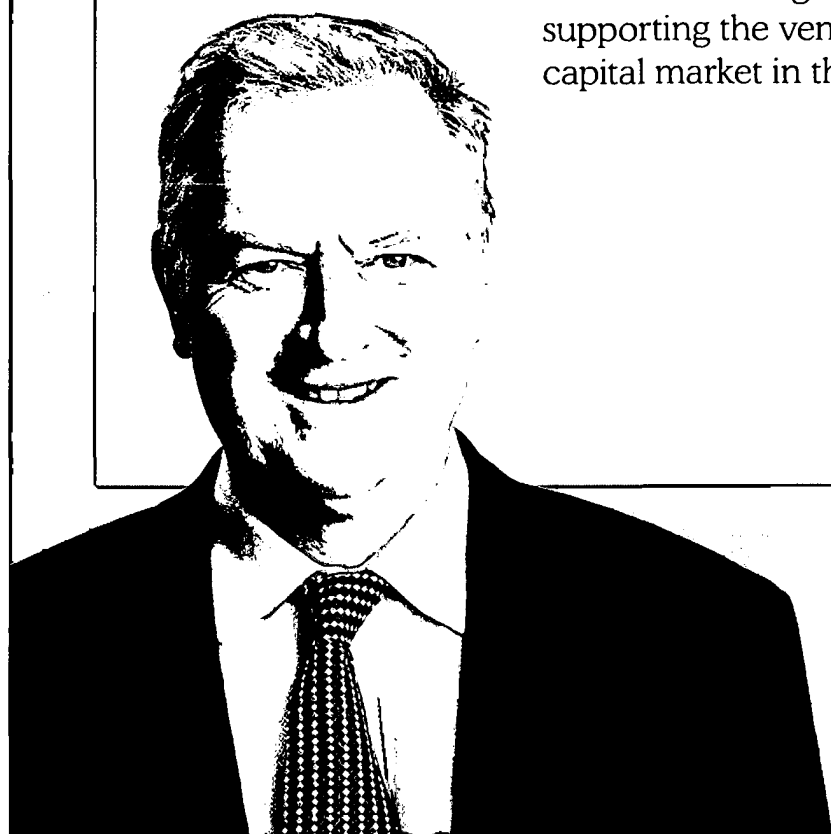
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Chair's report

# Investing through the cycle

As global financial markets adjusted to the changing macro-economic conditions during the year to 31 March 2023, British Patient Capital has continued to play a central role in anchoring and supporting the venture capital market in the UK.

The financial year to March 2023 marked the fifth year of operation for the Core British Patient Capital programme and as the wider global markets moved from exuberance to uncertainty, the team continued to deploy capital steadily to support the growth of innovative UK companies. In addition to making fund investments and co-investments through the Core £2.5bn investment programme, our two new programmes focused on R&D intensive companies, Future Fund: Breakthrough and the Life Sciences Investment Programme, have also been actively deploying capital.



This continued activity meant that cumulative capital committed across all our programmes since inception in 2018 reached more than £1.9bn by 31 March 2023, with total assets under management of £3bn.<sup>1</sup> Furthermore, the funds in which we have invested have raised a total of £13.0bn, meaning that other third-party investors have committed a further £11.1bn alongside us, significantly enhancing the availability of long-term patient capital for high-growth innovative companies.

### Extension of Mandate

We are delighted that the positive impact of British Patient Capital has been recognised by the Chancellor, who announced an extension of our Core mandate until 2033. This extension was accompanied by an agreement in principle to recycle our capital to fund new investments, allowing us to plan future deployment and to offer greater certainty to our partners over the coming years.

We are also pleased that an independent evaluation carried out during the year found that the Core programme is making good progress against both its policy and commercial objectives.



**£3bn**

We manage over  
£3bn in assets

### Our leadership

On behalf of the Board, I would like to give particular thanks to Catherine Lewis La Torre, whose term as CEO of British Patient Capital comes to an end this year. Catherine has spent the past five of her seven years with the Bank building the commercial arm into the successful business it is today. Catherine served as the first CEO of British Patient Capital when it was established in 2018 and took on this role again following her two-year tenure as interim CEO of the Bank when she steered the Group through the Covid crisis. Under her leadership, British Patient Capital has become the largest domestic investor in UK venture capital funds and the most active direct investor in British deep-tech companies raising later-stage capital. We wish her well for the next step in her career. The search for Catherine's successor is now very well advanced.

“

I believe that the role of British Patient Capital as a specialist investor committed to the UK innovation ecosystem over the long term is more important than ever.

”

<sup>1</sup> Includes third party mandate.

### The year ahead

The financial year to March 2023 has been characterised by growing uncertainty in global financial markets, and the UK venture capital market has not been immune to this. We are acutely conscious that such circumstances are often accompanied by a scarcity of funding as investors become increasingly cautious about committing capital. In this context, I believe that the role of British Patient Capital as a specialist investor committed to the UK innovation ecosystem over the long term is more important than ever. In the coming year, we will therefore remain focused on investing capital throughout the cycle, to allow innovative high-growth companies in the UK to reach their potential.

**Russ Cummings**  
Chair

Chief Executive's report

# Building long-term value

Against the backdrop of a challenging market, British Patient Capital remained active across all three investment programmes, delivering funding both to venture capital funds and directly to companies.

The wider venture capital market started to slow significantly at the beginning of the financial year to 31 March 2023, but our investment activity held up well. We invested a total of £287m during the year across all our fund and direct investment programmes, confirming British Patient Capital as the most active domestic investor in the UK venture capital market. This activity included eight new investments in venture capital funds and two new co-investments from our Core programme, and we announced the first investment for our dedicated Life Sciences Investment Programme. Future Fund: Breakthrough also had a very active year, completing ten direct investments in later-stage deep-tech and life sciences companies.

“

British Patient Capital is the most active domestic investor in the UK venture capital market.

”



These investments bring total investments since inception to more than £1.9bn by 31 March 2023 across 70 funds and 19 direct company holdings. During the course of the year, our portfolio funds invested in a further 182 companies, bringing the total number of companies financed by our fund investment programme to 1,190.

## Investment performance

The pandemic period saw some very favourable macro-economic conditions for venture capital deal activity, resulting in extraordinary increases in valuations across the sector. However, as we cautioned in last year's financial report, this momentum was unsustainable, making it likely that some of these increases in valuation would unwind in line with broader market movements. The financial year to 31 March 2023 saw a rapid deterioration in market conditions as a result of both geopolitical and macroeconomic factors, and this unwinding has indeed materialised, with listed technology stocks seeing a particularly sharp correction. These market movements inevitably impacted our portfolio valuations during the year, resulting in a loss before tax for the company of £105.1m, compared to the extraordinary gain of £339.3m for the prior financial year. This unwinding of previous unrealised gains may well continue over the next 12–18 months.

However, our performance since inception remained on track at financial year end: our Core portfolio TVPI stood at 1.52x with a portfolio IRR of 19.0%. This has driven a total gain since inception for all investment assets (realised and unrealised) of £487.2m,

placing British Patient Capital firmly in positive territory after just five years of operation and with significant amounts of capital still to be invested. Furthermore, whilst interim valuations can be a useful indication of progress in the portfolio, as a long-term patient investor we are focused on the final return that is generated when our underlying portfolio companies are sold to a trade buyer or listed on a stock exchange. We continue to believe strongly in the potential of our portfolio to deliver further value creation as the underlying companies begin to mature, and more broadly in the ability of the venture capital ecosystem as a driver of future growth for the UK.

## Investing in Women Code

During the year, British Patient Capital became one of the first institutional investors to sign up to the Investing in Women Code. This is an initiative that commits signatories to support the advancement of female entrepreneurship in the UK by improving female entrepreneurs' access to finance in the venture capital sector. Our engagement with this initiative builds on previous work we have carried out to back talented founders from diverse backgrounds.

We will continue to build a portfolio that reflects the full range of talent that the venture capital sector has to offer and strive to further develop the ecosystem with the aim of increasing diversity in the future.

## Our team

These achievements would not have been possible without the many and varied contributions made by everyone on our team. As this is my last statement as CEO of British Patient Capital, I would like to thank everyone who has joined us, grown with us, and learned with us, making British Patient Capital the business it is today. I would like to extend my special thanks to Judith Hartley who spent two hugely impactful years with us as CEO of the business, as well as our Managing Directors Christine Hockley and Ian Connatty, who keep this show on the road. Finally, I would like to thank our Non-Executive Directors, Russ Cummings and Hazel Moore, for their many years of service to the Company, providing sound advice and constructive challenge helping us to become an ever-better version of ourselves. It has been an immense privilege to be part of British Patient Capital for the first five years of our journey. We have successfully built a scalable investment platform which is well positioned for the future.



**Catherine Lewis La Torre**  
Chief Executive Officer



**£287m**

Total invested during the year



**1,190**

Number of underlying portfolio companies

# Our Board



## Russ Cummings

Chair

Russ joined British Patient Capital as an independent Non-executive Director in June 2018 and was appointed Chair on 1 September 2020.

Russ is the former Chief Executive Officer of Touchstone Innovations plc, one of the UK's leading technology investment companies, championing outstanding science by commercialising innovative research from UK universities. Russ joined as Chief Investment Officer in 2006, then became CEO in 2013 through to the acquisition of Touchstone in 2017 by IP Group plc for £500m.

From 2003 to 2006, he was a Director at the growth equity and venture capital firm Scottish Equity Partners LLP. Prior to this he spent 16 years at the international venture capital and private equity company 3i Group plc, latterly as Director in its UK Technology Group.

## Hazel Moore, OBE

Non-executive Director

Hazel joined British Patient Capital as an independent Non-executive Director in June 2019. Hazel is the co-founder and Chair of FirstCapital, an investment bank which provides mergers and acquisitions, private equity and growth capital advice to high-growth technology companies. Until 2023 Hazel was a member of the Future Fifty advisory panel for Tech Nation, the leading programme for scale-up companies in the UK, and she is also an Advisory Board Member of Tech Nordic Advocates, the largest ecosystem for tech companies in the Nordic/Baltic region.

She was previously a Governing Board member of Innovate UK, the UK's national innovation agency, from 2012 to 2018, and served on the Investment Advisory Panel of the North West Fund from 2010–2013. Hazel was awarded an OBE in the 2017 New Year's Honours list for services to entrepreneurship and innovation. She won the CBI/Real Business First Women in Finance award in 2016 and the Women in Private Equity Award for Best Corporate Finance Adviser in 2015.







### **Catherine Lewis La Torre**

Chief Executive Officer

Catherine was appointed Executive Director of British Patient Capital in September 2020 upon her appointment as interim CEO of the British Business Bank. Prior to this, Catherine led the Bank's commercial arm as CEO of British Business Investments (BBI) from 2016, and led both BBI and British Patient Capital from October 2018. Catherine resumed her role as permanent CEO of British Patient Capital on 1 October 2022.

Prior to 2016, Catherine was Head of Private Equity for Cardano, managing a global portfolio of private capital investments on behalf of UK pension funds. She was previously a Partner and Managing Director of Paris-based European private equity investor Fondinvest Capital, a Founding Partner of the Nordic private capital fund management firm, ProVenture, after which she established a consultancy business advising Sovereign Wealth Funds and Institutional Investors in Asia, the Middle East and the US on their European private capital strategies.

### **Louis Taylor**

Chief Executive Officer,  
British Business Bank  
and Executive Director,  
British Patient Capital

Louis Taylor became CEO of the British Business Bank on 1 October 2022. Prior to that, he was Chief Executive of UK Export Finance (UKEF), the UK's export credit agency, for seven years. He also held roles as a Director General in the Department for International Trade, and as a member of its Executive Committee and Management Board.

Before joining UKEF, Louis held a range of senior roles at Standard Chartered Bank, including from 2013 to 2015 as Chief Operating Officer of Group Treasury, based in London. Before that, he spent three years as the bank's CEO for Vietnam, Cambodia and Laos, based in Ho Chi Minh City. During this time, he was also Vice Chairman of the European Chamber of Commerce in Vietnam (EuroCham). He joined Standard Chartered Bank in London in 2004, working in Group Corporate Development, which undertakes the bank's acquisitions, divestments and other inorganic growth initiatives.

Louis joined the British Patient Capital Board on 1 October 2022.





# Meet our team

## Back row (left to right)

**Arnaud Garcon**

Senior Investment Manager – Funds  
(Life Sciences)

**Andrea Fereday**

PA to BPC CEO

**Mauricio Urresta**

Analyst – Funds

**Sajni Chotai**

Senior Investment Manager – Funds  
(Life Sciences)

**Carmine Circelli**

Director – Direct and Co-investment  
(Life Sciences)

**Natalie Bangay**

Director

**Andrew Magowan**

Senior Manager – Risk

**Nicolo Giovanetti**

Analyst – Funds

**David Woods**

Investment Manager – Funds

**Alex Faulconbridge**

Analyst – Funds

**Mark Andrews**

Director – Funds (Life Sciences)

**Emma Johnson**

Senior Investment Manager – Direct  
and Co-investment (Life Sciences)

**Alexandra Woodman**

Analyst – Direct and Co-investment

**Max Middleton**

Senior Investment Manager  
– Direct and Co-investment

**Sami Dodangeh**

Senior Communications Manager

**George Mills**

Senior Investment Manager  
– Direct and Co-investment

**Christine Hockley**

Managing Director – Funds

**Chris Smart**

Senior Investment Manager – Funds

**George Steele**

Portfolio Manager

**Tom Haywood**

Director – Direct and Co-investment



#### Front row (left to right)

**Samuel Baldry**

Investment Manager – Funds

**Francis Tengesha**

Senior Investment Manager – Funds

**Pinky Ghosh**

Analyst – Funds

**Joana Reis**

Investment Manager – Funds  
(Life Sciences)

**Ian Connatty**

Managing Director  
– Direct and Co-investment

**Catherine Lewis Le Torre**

BPC Chief Executive Officer

**Michael Laycock**

Director – Funds

**Debbie Winstanley**

PA to BPC Managing Directors

**Robert Greenwood**

Director – Funds

**Chloe Hall**

Investment Manager  
– Direct and Co-investment

#### Not pictured:

**David Phillips**

Portfolio Director

**Jake Hobbs**

Investment Manager – Funds  
(Life Sciences)

**Richard O'Brien**

Investment Manager – Funds

**Charlotte Davison**

Investment Manager  
– Direct and Co-investment  
(Life Sciences)

# Market commentary

## Deal activity

The pandemic marked an extraordinary period for the global venture capital industry, as appetite for innovative technology-enabled investments drove transaction values to unprecedented levels. However, by early 2022 the technology boom had begun to falter, with inflation, rising interest rates and geopolitical uncertainty generating considerable headwinds.

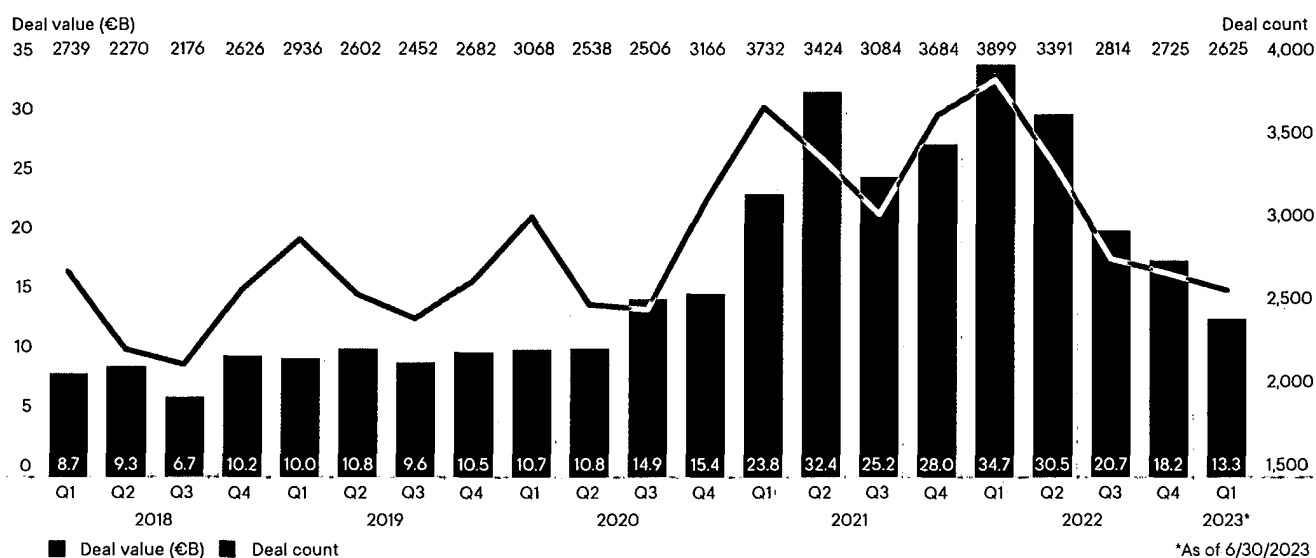
According to Pitchbook,<sup>2</sup> quarterly deal value in Europe peaked in Q1 2022 before declining consistently each quarter through the remainder of 2022 as investors became more cautious and peripheral players exited the European market. This trend continued into early 2023, with quarterly deal activity approaching the levels last seen during 2019 and early 2020 before the advent of Covid.

As deal-making slowed during the course of 2022, average deal pricing also eased. This has, in turn, placed downward pressure on venture capital valuations across the spectrum, although it has been particularly pronounced for those larger growth deals which attracted extraordinarily high valuations during the boom period. It is difficult to predict how this might play out in the coming months, but there have already been some high-profile down rounds, and this

may become a more frequent occurrence over the coming months as those companies which last raised capital at the peak of the bubble reach the end of their cash runway.

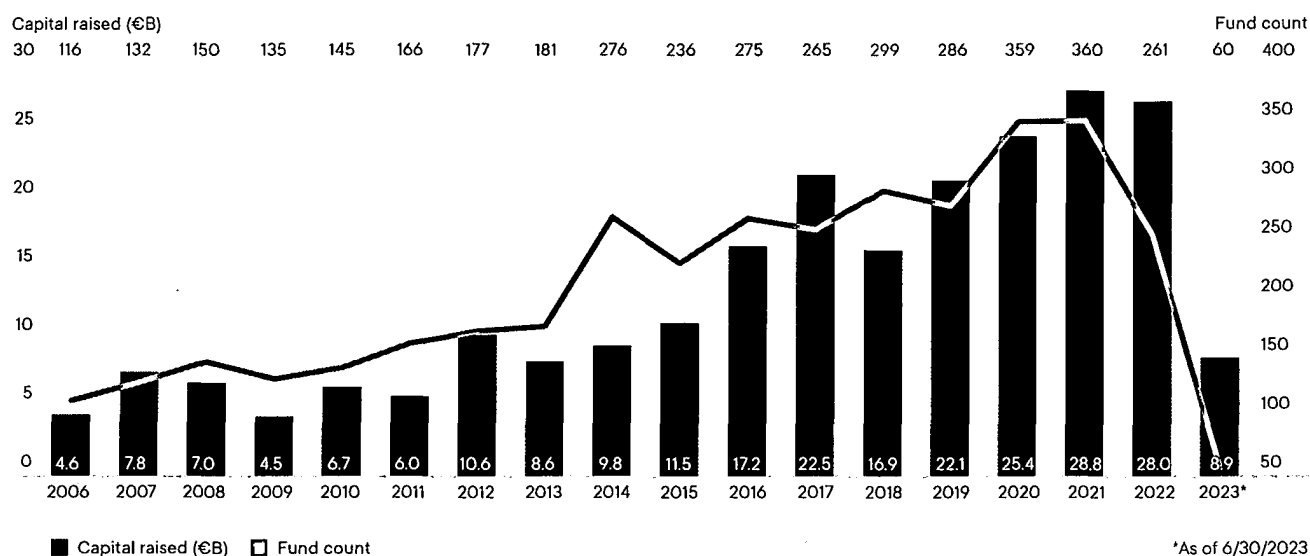
These changing market conditions have encouraged venture managers to shift from the 'growth at all costs' mentality seen in recent years towards a focus on a pathway to profitability and a more disciplined approach to cash management in their portfolio companies. These actions are partly aimed at extending the time to the next fundraising and reducing the risk of a down round, but they are also valuable in helping companies become more resilient as they seek to become self-sustaining growth businesses.

## VC deal activity by quarter



Source: Pitchbook European Venture Capital Report Q2 2023.

## VC fundraising activity



Source: Pitchbook European Venture Capital Report Q2 2023.

This period of pricing adjustment will therefore inevitably create challenges for certain companies and investors to work through in the near term. However, this will not be the case for all companies as they continue to develop their operations and make progress against milestones. Furthermore, these market adjustments also offer the opportunity for venture managers to invest their considerable dry powder at more reasonable valuations, laying the foundations for stronger returns in the future.

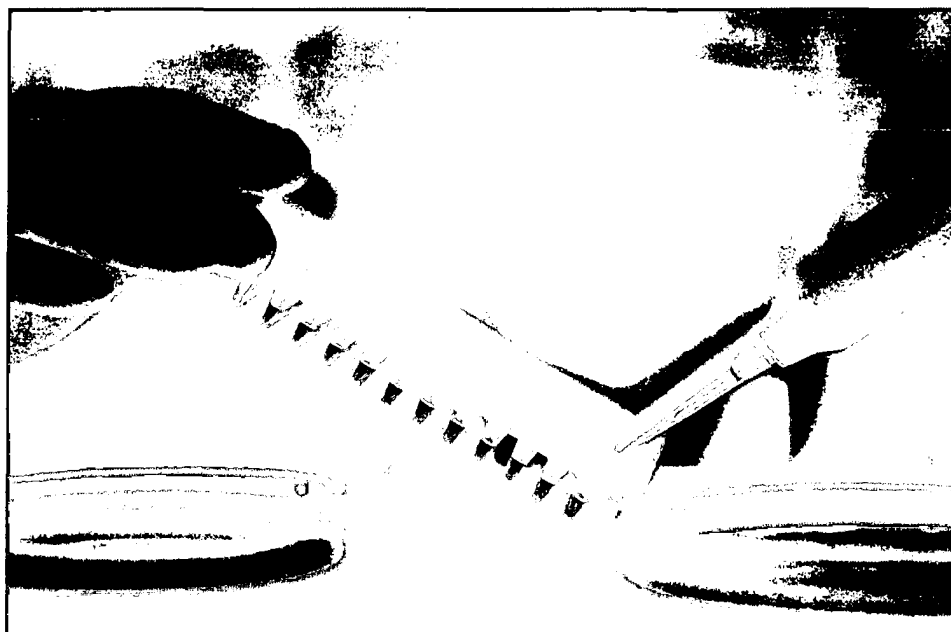
## Fundraising

Fundraising for venture capital funds in Europe has been growing strongly over the past decade, with continued momentum throughout the pandemic period. Pitchbook data<sup>2</sup> suggest that total amounts raised reached a peak in 2021 at €28.8bn across 360 funds and remained robust during 2022 even as deal activity slowed, with a total of €28.0bn raised, albeit for a reduced count of 261 funds.

However, data for the first half of 2023 show 60 funds raising just €8.9bn. It can be difficult to predict full-year totals as fundraising can be lumpy and many 2023-vintage funds remain open for commitments, but this appears to be an early indication that the slowdown has spread to fundraising. Furthermore, the time it takes European funds to close has increased during recent months.

For those funds closing in 2022, the median time was 10.0 months, which increased to 14.2 months for those funds closing in H1 2023,<sup>2</sup> providing a further indicator that fundraising may be becoming more difficult.

<sup>2</sup> Pitchbook European Venture Capital Report Q2 2023.



# Our business in numbers

British Patient Capital invests across three separate programmes, as well as managing capital for a third-party investor. The summary information shown on this page sets out our activity across the whole business.

## Assets under management<sup>3</sup>



## Investment activity during the year<sup>4</sup>



## Investments since inception<sup>4</sup>



## Performance since inception for British Patient Capital<sup>5</sup>



<sup>3</sup> Includes original value of programmes awarded to British Patient Capital and a mandate from a third party investor.

<sup>4</sup> Includes investments made on behalf of a third party investor.

<sup>5</sup> Refers to British Patient Capital only

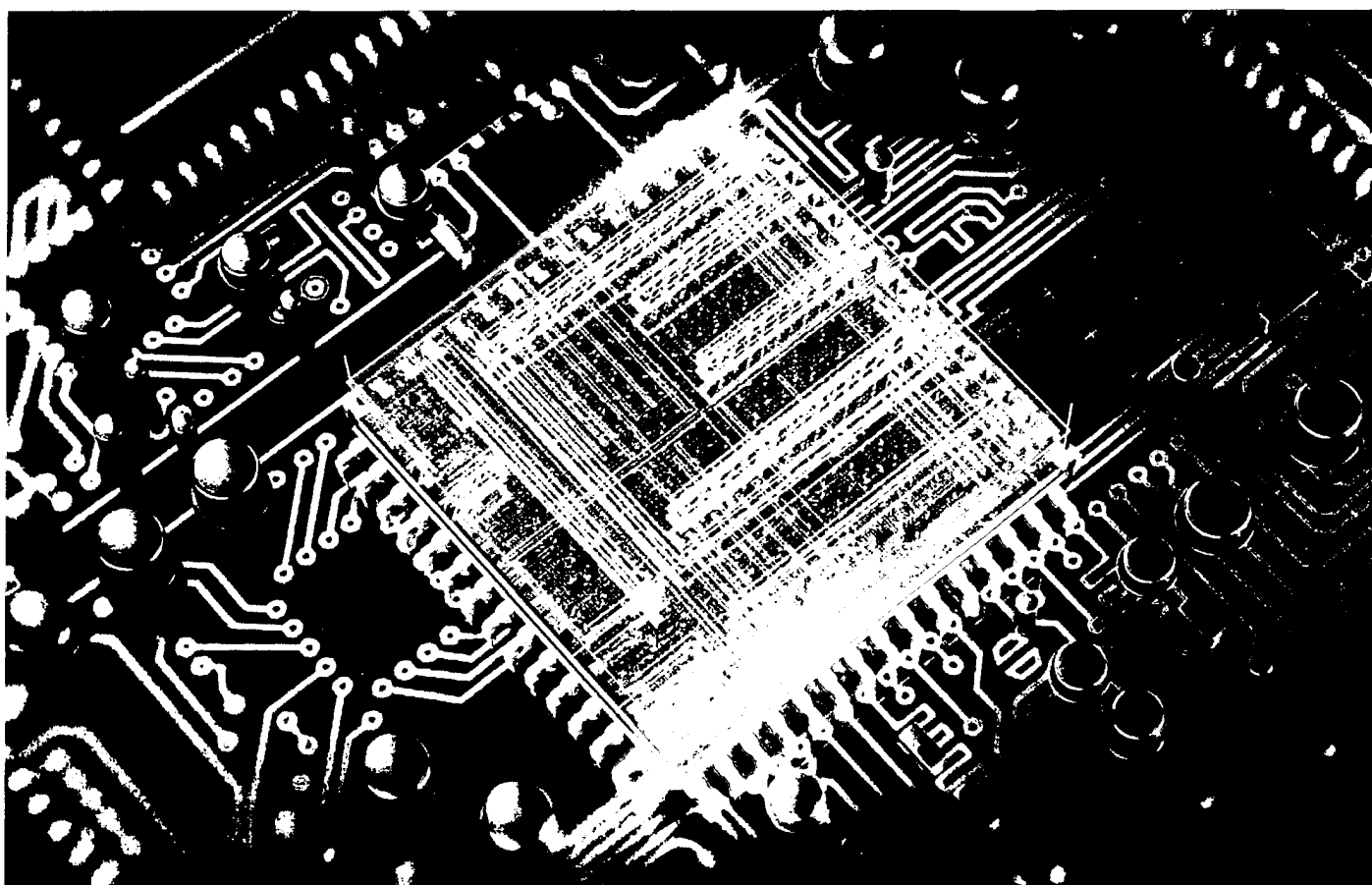
# Our business

British Patient Capital was launched in 2018 with an initial funding envelope of £2.5bn to support the development of high-growth UK companies via commitments to venture capital funds and co-investments in individual companies.

Following the establishment of two new programmes during the prior financial year, British Patient Capital now manages three separate investment programmes, each seeking to support a specific area of the innovation market but with a common focus on supporting later-stage companies:

- Core programme (funds and co-investments)
- Life Sciences Investment Programme (funds)
- Future Fund: Breakthrough (direct investments).

Across all our programmes, British Patient Capital invests on a commercial basis to deliver competitive returns for the UK taxpayer. By demonstrating that a patient capital approach can produce commercially attractive returns, we aim to encourage other UK institutional investors to invest in the asset class, to capture the value created by innovative high growth companies in new and dynamic sectors.



# Core programme

The financial year to March 2023 marks the fifth year of operation for the Core £2.5bn investment programme. During this time, it has become the largest domestic investor in UK venture capital funds with an emerging co-investment business, all focused on supporting innovative UK companies.

On the funds side, our Core programme invests in venture and venture growth funds which have the UK as a core part of their strategy and have the capabilities to select and support their portfolio companies as they scale. Our primary focus is on supporting later-stage/venture growth funds, but the programme does also make selected commitments to early-stage funds, to build a pipeline of growth companies.

## › Kennet

Fund manager case study

### Kennet Partners

#### Core programme

Kennet Partners is one of Europe's most established growth equity investors. Founded in 1997, Kennet has more than 20 years' experience of investing into growth stage companies across the UK, Europe and US.

Over this time, the team has developed a focus on capital efficient, software businesses that are profitable or close to profitability with strong revenues and growth potential through international expansion. Kennet is generally the first institutional investor in companies that have scaled outside of the traditional venture capital ecosystem.



British Patient Capital first partnered with Kennet in 2018, providing a cornerstone commitment to its €200m Kennet V fund and has continued its relationship with the manager via a commitment to its sixth growth equity fund in the year to March 2023.

“British Patient Capital has made cornerstone commitments to both Kennet V and Kennet VI. The BPC team managed their investment process to the timetable that they originally presented which provided assurance to other investors. We have a great working relationship with BPC and are delighted to have them as investors in our funds.”



In making these commitments, we seek to build long-term relationships with best-in-class managers, enabling the growth of the UK patient capital ecosystem.

These fund commitments are supplemented by co-investments alongside our portfolio managers in the most promising UK companies as they raise later-stage funding. This consolidates our support for the scale-up phase by helping companies to expand their funding rounds, as well as increasing our exposure to potential winners in a capital efficient manner.



## Crane

Fund manager case study

### Crane Venture Partners

#### Core programme

Crane Venture Partners is a London-based venture capital firm committed to empowering technical founders and their ambitious visions during the critical pre-seed and seed funding stages: steadfast partnership with the right resources at the right time.

Focusing on deep tech, data, developer and AI-first software companies, Crane works with its portfolio companies to grow through product-market fit and create a go-to-market strategy to fuel global growth.

Crane was launched in 2015 by two former GPs at Draper Esprit/Molten Ventures, which is also part of the British Patient Capital portfolio. The firm has raised over £200 million across two core funds and an opportunities fund, allowing it to support the growth of more than 60 companies in the UK and Europe. As a cornerstone investor in both Crane Fund I and Crane Fund II, British Patient Capital has supported the firm as it established itself as a well-known participant in the European seed-stage market.

**“British Patient Capital was one of the first LPs to have conviction in our focused strategy, and their support was instrumental to getting Crane I up and running. British Patient Capital continues to be a valued long-term partner to us, our portfolio, the UK early-stage technology ecosystem, and long may it continue!”**

# Our Core programme in numbers

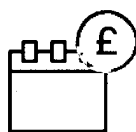
## Investments since inception



£1,474m

Value of all commitments and co-investments since inception

## Investment activity during FY 2022/23



8

Number of new fund commitments in the year



2

Number of new co-investments in the year

## Core programme portfolio performance



1.52x

Total value to paid in (TVPI) at 31 March 2023



19.0%

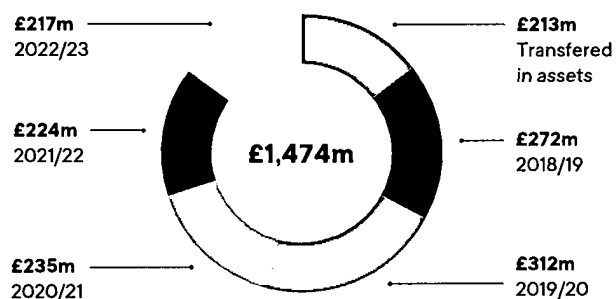
Internal rate of return (IRR) at 31 March 2023



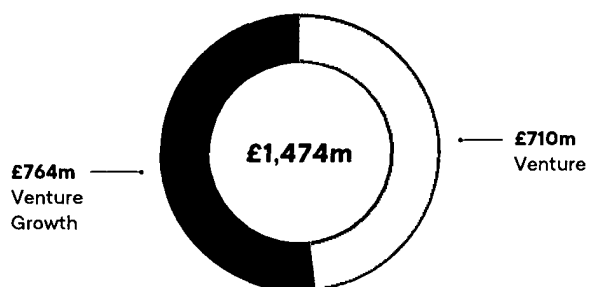
0.15x

Distributed to paid in (DPI) at 31 March 2023

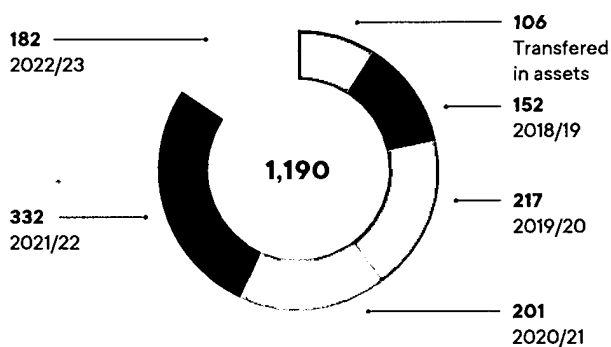
Total value of all commitments and co-investments by vintage (£m)



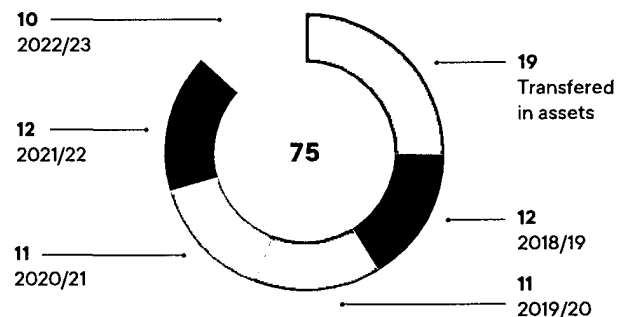
Total value of commitments and co-investments by stage (£m)



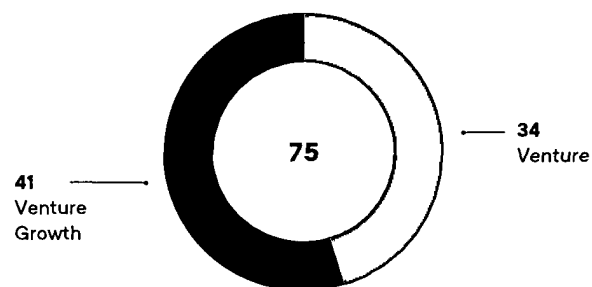
Number of underlying portfolio companies by vintage<sup>7</sup>



Total number of commitments and co-investments by vintage

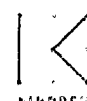


Total number of commitments and co-investments by stage



<sup>7</sup> Underlying portfolio companies from fund commitments.

## Our fund managers



## Our co-investments



## Investment activity during the year

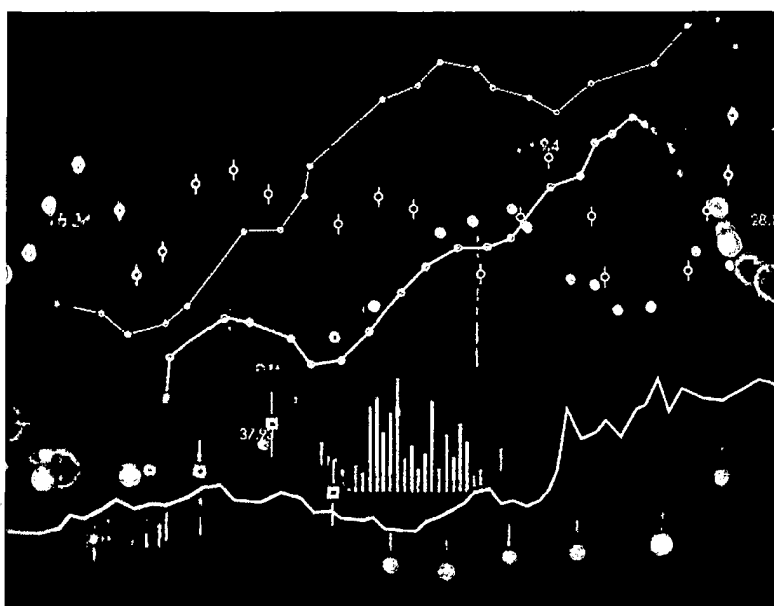
Over the course of 2022/23, we invested £210m from our original Core mandate through eight new commitments to funds. We now have 69 fund investments across 40 fund managers in the Core programme, as well as co-investments in six companies.

During the year we continued to deploy capital at both the early-stage venture and the later venture growth stages. This activity was underpinned by investments in new funds raised by existing portfolio managers, specifically Dawn Capital, Connect Ventures, Kennet Partners, Notion Capital, Atomico and Kindred Capital. We also continued to add new relationships to the portfolio via our investment in Northern Gritstone, an investment company focused on university spinouts and R&D-intensive businesses across the north of England.

British Patient Capital's co-investments supplement the portfolio's later-stage exposure; during the financial year to March 2023, we participated in the \$70m Series A funding round for Tenpoint Therapeutics and the £12.8m Series B funding round for CyberSmart.

## Performance to date

The performance of the Core portfolio has reflected the broader market trends over the year to 31 March 2023 but the TVPI at 31 March 2023 stood at 1.52x, with a gross portfolio IRR of 19.0%. Given the relative immaturity of the portfolio and the broader market uncertainty, exit activity to date has been limited, with a portfolio DPI multiple of 0.15x at 31 March 2023.



# SNOWPLOW

## Company case study

### Snowplow

#### Core programme

**Fund manager:** Atlantic Bridge

**Snowplow is a data creation platform that allows any organisation to create their own AI-enabled behavioural data to fuel advanced data applications.**

Behavioural data is the best predictor of customer intent and by generating this data from web, mobile devices, IoT and other sources as a real-time stream of events, Snowplow customers can drive their marketing and advertising performance.

As a privacy compliant, first-party data platform, Snowplow's technology also helps global

organisations navigate the complexities of the various laws and regulations that apply to their business. This technology allows customers to set up separate data pipelines for different regions so that if one jurisdiction changes its data protection regulations, Snowplow customers can adjust the security protocols for that region's pipeline without affecting data stored in other locations.

Today, over 1.9m websites and over 10,000 organisations, including Burberry, Digital Virgo, Strava, Auto Trader, Trinny London and Software.com reach, engage and win customers, while retaining an industry-leading data governance posture, with full GDPR and CCPA compliance using Snowplow solutions.

The company received its initial tranche of institutional funding in 2019 after some years of bootstrapping by the two London-based co-founders, who met at adtech firm OpenX.

The company then raised a Series A funding round in 2020 which was led by Atlantic Bridge, who also followed on in a \$40m Series B funding round in the summer of 2022.

**"The funding we have received has allowed us to grow the Snowplow team internationally to meet our growing global customer base and requirements. In addition, we were able to bring to market a modular, turnkey digital analytics solution that helps companies overcome the limitations of Google Analytics."**

### Explanation of key portfolio performance metrics

#### TVPI (total value to paid in):

this is the ratio of aggregate value generated by all investments in the British Patient Capital portfolio versus the aggregate amount that British Patient Capital has paid into those investments. The value generated is a combination of realised investments and those remaining unrealised at the reporting

date. In the case of the British Patient Capital Core programme, this TVPI number includes both fund investments and co-investments.

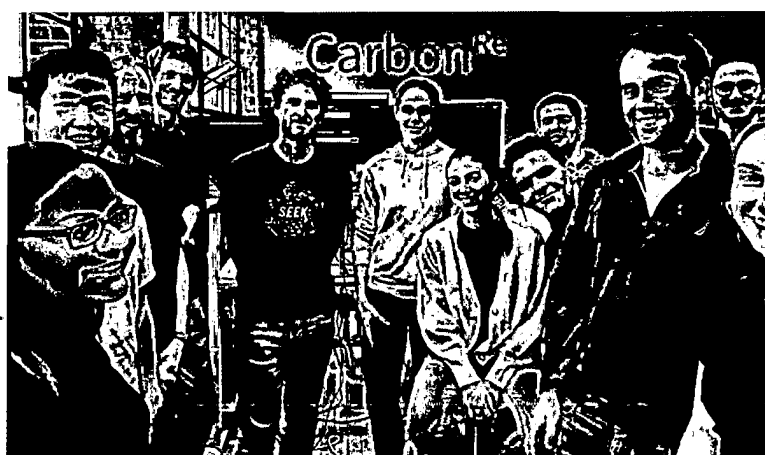
#### IRR (internal rate of return):

this measures the annualised return of the British Patient Capital portfolio since inception (both realised and unrealised). It uses the same underlying data points as the TVPI measure, with the value of British Patient Capital portfolio investments expressed as an annualised percentage of capital paid

into those portfolio investments since inception, taking account of the time value of money.

#### DPI (distributed to paid in):

this is the ratio of aggregate distributions received by British Patient Capital from the underlying investments versus the aggregate amount of capital that British Patient Capital has paid into those investments.



## Carbon<sup>Re</sup>

### Company case study

#### Carbon Re

#### Core programme

**Fund manager:** Albion Capital

Carbon Re is an innovative climate tech company that uses advanced Artificial Intelligence (AI) models to assist cement plant operators in optimising the production of energy-intensive materials, reducing operational costs, and cutting carbon emissions. Their cloud-based platform, Delta Zero, leverages AI to analyse customers' manufacturing data, model their production environment and recommend ways to optimise production based on lowest possible CO<sub>2</sub> output and fuel use.

Carbon Re was the first ever joint spin-out of Cambridge University and UCL in 2020. The 2021 pre-seed investment was led by the Clean Growth Fund alongside the UCL Technology Fund (UCLTF), managed by Albion VC. The UCLTF also participated in the £4.2m seed round closed in September 2022.

Carbon Re is using the capital raised from the seed round to expand the team and further develop its platform. The purpose is to obtain a fully automated solution that can be easily adopted by plant operators to model the production environment and dynamically identify the optimal process for achieving the lowest possible carbon dioxide output and fuel use.

The company is on a crucial mission to curtail industrial carbon emissions stemming from cement production. Recognising the challenges faced by

industries like cement production or steel-making – such as low margins, growing energy price volatility, and increasing regulatory pressure to achieve net-zero emissions – Carbon Re has seized the opportunity to establish a business that aligns environmental gains with promising financial returns, in a world where cement production alone contributes 8% of total CO<sub>2</sub> emissions.

**“We founded Carbon Re with a mission to reduce carbon emissions at the gigatonne scale. The support from Albion VC, and our other investors, has been pivotal to the speed in which we have been able to expand our technical team and develop our MVP. We deeply believe in the power of technology to solve real-world problems, and our investors have set us on the path to making a real impact in the fight against climate change.”**

# Life Sciences Investment Programme

The Life Sciences Investment Programme (LSIP) is a £200m fund investment programme that addresses the growth equity finance gap faced by innovative, high potential UK life sciences companies.



## Fund manager case study SV Health Investors

### Life Sciences Investment Programme (LSIP) and Core Programme

Founded in 1993, SV Health Investors is a UK-based venture capital firm managing \$2.4 billion in AUM across 11 specialist life sciences funds alongside its US affiliate.

SV's biotech team, headquartered in the UK, has successfully invested in innovative biotech companies seeking to deliver lasting impact through improved treatment addressing critical unmet medical needs. SV has backed more than

The programme aims to make material commitments to later stage venture growth funds which are focussed upon the UK's life sciences sector, thereby increasing the supply of finance to UK life science companies as they begin to scale.



200 companies in its 30-year history and its biotech investments have delivered 24 new therapeutics, of which six represent new drug classes, materially impacting patient outcomes. In addition to its core biotech programme, SV manages the Dementia Discovery Fund, the world's largest family of specialised venture capital funds that invests exclusively in companies developing or enabling novel therapeutics for dementia.

British Patient Capital has backed a number of early-stage biotech funds managed by SV Health Managers, namely SV 7 Impact Medicine Fund (SV 7 IMF) and the Dementia Discovery Fund I (DDF) from the core programme, as well the growth staged focussed Biotech Crossover Opportunities Fund (BCOF) from LSIP.

## Investment activity during the year

During the year we announced our first commitment from the Life Sciences Investment Programme to the Biotech Crossover Opportunities Fund (BCOF) managed by SV Health Investors.

This fund is targeting growth-stage, biotechnology companies developing transformative therapies, with a significant focus on the UK. SV Health Investors is an experienced early-stage manager in the life sciences sector and by making a cornerstone investment to their BCOF fund, the Life Science Investment Programme has facilitated the firm's expansion, allowing the manager to support UK businesses through to the later venture growth stage.

"Through its investment in SV funds, British Patient Capital has played a significant role in championing innovation as a catalyst for economic growth. With the support of investors such as British Patient Capital, our investment in UK biotech companies since 2016 has catalysed 8x our commitments in further equity and non-dilutive investment, enabling the growth of the local financial ecosystem.

Looking forward, UK life science companies have the potential to compete at a global level in many fields and there is a huge opportunity for domestic investors to support this growth. British Patient Capital's continuing commitment to support innovative high growth companies in the UK is invaluable for us and our entrepreneurs."

# Future Fund: Breakthrough

Future Fund: Breakthrough has a targeted focus on UK-based companies which have a high R&D intensity and which are developing defensible intellectual property that is expected to be the company's main revenue source. Companies in this portfolio can typically be categorised as being deep-tech and life sciences businesses.

## Investment activity during the year

During the year, we made significant progress in deploying capital in this programme, making ten investments through Future Fund: Breakthrough. These investments were split broadly evenly between life sciences and deep-tech, bringing total investments from this programme since inception to 15.

On the life sciences side, these investments were in Proximie, a global health technology platform digitising operating rooms around the world; Nucleome Therapeutics,

a biotechnology company uncovering novel ways to treat disease; Tenpoint Therapeutics, which is developing breakthrough regenerative treatments for ocular diseases; Perspectrum, which uses precision health technology to empower clinicians to better understand chronic systemic diseases; and Grey Wolf Therapeutics, an immuno-oncology specialist that is testing novel small molecule anti-cancer treatments.

On the deep-tech side, investments were made into Cloud NC, a developer of automation software for the manufacturing sector; Oxford Quantum Circuits, one of the UK's leading quantum computing as-a-service companies; Iceotope Group, a developer of immersion cooling solutions for data centres; Pragmatic Semiconductor, which designs and produces flexible integrated circuits with the potential to replace traditional silicon chips; and Quantum Motion Technologies, a quantum computing start-up led by academics from UCL and the University of Oxford.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:



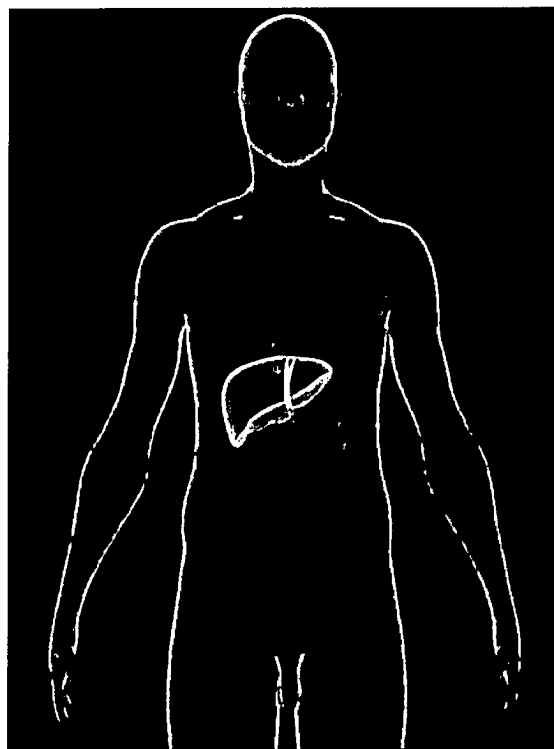
**Catherine Lewis La Torre**  
Chief Executive Officer

3 November 2023

## Future Fund: Breakthrough investments







## Perspectum

### Company case study

#### Perspectum

##### Programme:

Future Fund: Breakthrough

**Perspectum offers machine-learning enabled, medical image analysis to deliver advanced whole organ digital biopsy support to help doctors make better decisions, personalise care for patients and ensure better outcomes.**

Perspectum has developed a novel method to accurately visualise organs and identify disease. Their flagship product, the LiverMultiScan, provides clinicians with comprehensive data and insights into liver health, enabling early detection, accurate assessment, and personalised management of liver diseases.

Beyond the LiverMultiScan, Perspectum is using its technology to provide a suite of leading digital technologies to help clinicians provide better care for patients with chronic metabolic disease, multi-organ pathology and cancer.

British Patient Capital invested in Perspectum's \$55m Series C in 2022 via the FF:B programme.

**"We are excited to have British Patient Capital join our mission to create safer and more accurate imaging technologies that will help clinicians shorten patients' diagnostic and treatment journeys. This new funding will help us to continue innovating new products that will make healthcare safer by providing non-invasive alternatives to biopsy, totally changing how and when we can see and treat many diseases."**



### Company case study

#### Quantum Motion

##### Programme:

Future Fund: Breakthrough

**Quantum Motion (QM) is a leading quantum technologies company spun-out of the University of Oxford. They are developing silicon-spin based quantum computing hardware to advance development of quantum computers.**

Quantum computers possess unrivalled computational power, enabling solutions to complex challenges beyond the reach of current supercomputers. It is expected that quantum computing will have a transformative impact across industries including finance, drug discovery and climate technologies.

QM's technology platform is a scalable array of qubits based on the ubiquitous silicon technology already used to manufacture the chips in smartphones and computers. QM aims to develop fault tolerant quantum computing architectures that will support the most powerful quantum algorithms, helping us answer some of today's toughest questions.

British Patient Capital invested in QM's £40m Series B in 2023 via the FF:B programme.

**"A useful quantum computer needs millions of qubits. Quantum Motion is building not just qubits but all the control elements required to deliver a quantum processor fabricated using the same process that's used to make the billions of transistors in the chip in your phone. With British Patient Capital's financial backing we have demonstrated world leading results in the control and readout of qubits based on standard transistors."**



# Directors' report

The Directors present their Annual Report on the affairs of the Company, together with the Financial statements and auditor's report, for the period ended 31 March 2023.

The following information required by the Companies Act 2006 can be found in the following sections of the Annual Report, which are incorporated by reference into this report:

- a description of the principal activities of the Company during the course of the period, an indication of likely future developments in the business and the key operational and financial risks the Company is exposed to are all included in the Strategic Report
- details of significant events since the balance sheet date are contained in note 17 to the Financial statements
- information about the use of Financial Instruments by the Company is given in note 14 to the Financial statements
- British Patient Capital, due to its size, is not required to publish a Section 172 statement about how its directors have fulfilled their duties.

## Dividends and reserves

No dividends have been paid or proposed for the year ended 31 March 2023.

## Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have received a Letter of Comfort from British Business Bank plc. Thus, they continue to adopt the going concern basis in preparing the Financial statements. Further details can be found in the significant accounting policies notes in the Financial statements.

## Directors

The Directors who held office during the period were as follows:

- Russell Cummings, Chair
- Judith Hartley, Interim Chief Executive Officer ((CEO) resigned 1 October 2022))
- Catherine Lewis La Torre, Executive Director, and CEO (effective 1 October 2022)
- Hazel Moore, Non-executive Director
- Louis Taylor, CEO, British Business Bank plc (appointed 1 October 2022).

With effect from 1 October 2022, Catherine Lewis La Torre returned to the position of CEO of British Patient Capital. Catherine replaced Judith Hartley, who was interim CEO of British Patient Capital and Judith stepped down as Executive Director on the British Patient Capital Board. Louis Taylor was appointed as CEO of the British Business Bank plc, with effect from the 1 October 2022, and joined the British Patient Capital Board.

The biographies of the current directors are on pages 6 to 7.

## Company Secretary

Elizabeth O'Neill, General Counsel and Company Secretary of the British Business Bank plc served as the Company Secretary of British Patient Capital during the financial year and until July 2023. Elizabeth was replaced by Alice Carpenter as interim Company Secretary of British Patient Capital.

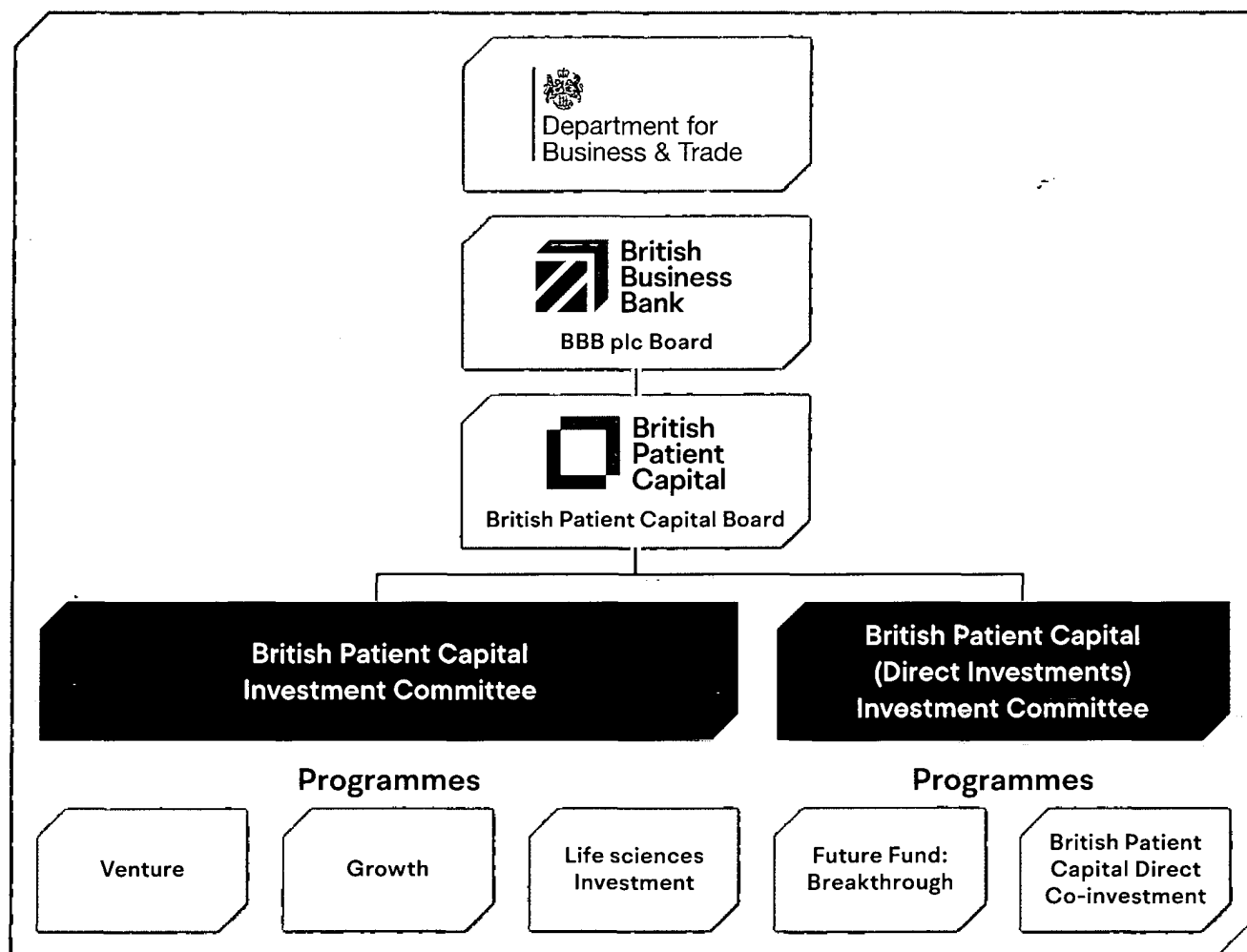
The Board have access to the British Business Bank plc Group Company Secretariat who provide support on governance and meeting related matters.

## Corporate governance statement

British Patient Capital is a wholly owned commercial subsidiary of British Business Bank plc, the Government-owned business development bank whose sole shareholder is the Secretary of State for Business and Trade.

British Patient Capital is part of the British Business Bank plc Group and operates within the British Business Bank's Governance Framework. The British Business Bank Directors have reported on the Bank's application of the principles and provisions of the UK Corporate Governance Code in a statement of compliance detailed in their Annual Report and Accounts.

The CEO of the British Business Bank serves as an Executive Director on the British Patient Capital Board and is also the Accounting Officer of the British Business Bank plc Group.



## British Patient Capital Board

The British Patient Capital Board met six times during the year and held a separate strategy session. All meetings were well attended. The British Patient Capital Board's key responsibilities are:

- reviewing, approving and guiding corporate strategy, business plans, monitoring implementation and corporate performance

- approving any investment or financial commitments between £25m and £50m that are considered strategically important to British Patient Capital or that relate to a novel or contentious matter
- approving an individual investment equal to or in excess of £50m (new programmes and greater than £75m are then to be considered by the British Business Bank plc Board)

- monitoring the effectiveness of the Company's governance arrangements and practices
- reviewing and approving the risk appetite and monitoring anti-money laundering compliance
- approving each year's Annual Report and Financial statements prior to publication.

## Committees

**British Patient Capital  
(Direct Investments)  
Investment Committee  
(‘Direct Investments IC’)**

**Membership: British Patient Capital Senior Leaders, Executive Representatives from the British Business Bank and Independent Members**

The Direct Investments IC operates under delegated authority from the British Patient Capital Board and met regularly to consider investment proposals of the Future Fund: Breakthrough and BPC Direct Co-investment programmes.

**British Patient Capital Investment Committee (‘BPC IC’)**

**Membership: British Patient Capital Executive Members including an Independent Non-executive Director and Executive Approvers from the British Business Bank**

The BPC IC operates under delegated authority from the British Patient Capital Board and met regularly to consider investment proposals from third-party investors, funds, partnerships and other entities which have appointed BPC as manager or advisor.

## Appointment and removal of Directors

The Articles of Association provide that any appointment of a Director to the Board of British Patient Capital requires the prior consent of the Shareholder. Additionally, where the appointee is not already an employee of the British Business Bank plc Group, the prior written consent of the Secretary of State for Business and Trade is required. No person may be removed as a Director without the prior written consent of the Secretary of State for Business and Trade.

## Attendance at Board meetings

Russell Cummings	6/6
Hazel Moore	6/6
Judith Hartley	3/3
Catherine Lewis La Torre	6/6
Louis Taylor	3/3

## Directors' conflicts of interest and independence

A British Business Bank plc Group Conflicts of Interest policy is in place, ensuring a proper process for the identification, consideration, authorisation and appropriate recording of any conflicts of interest. The Group policy is reviewed regularly, and any relevant amendments approved by the respective Boards. Directors declare any conflicts of interest at the start of each Board or Committee meeting which are recorded in the minutes of the meeting. The Directors also declare any conflicts directly for inclusion on the Conflicts of Interest Register as they occur.

## Directors' indemnities

The British Business Bank plc Group has granted indemnities to certain of its Directors in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors to the extent permitted by law and the Company's Articles of Association.

The company provides Directors' and Officers' liability insurance. There are no pension scheme indemnity provisions to be disclosed.

## Political donations

British Patient Capital has not made any political donations or incurred any political expenditure during the financial year.

## Directors' confirmations in relation to the audit

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors.



**Catherine Lewis La Torre**  
Chief Executive Officer

3 November 2023

# Managing our risks

## Risk management and internal control

British Patient Capital does not hold regulatory capital and is not regulated by the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA). However, British Patient Capital Limited is registered with the FCA (FRN 930732) for the purposes of supervision under the money laundering regulations. Whilst registration with the FCA does not require an entity to comply with the FCA Senior Management Arrangements, Systems and Controls (SYSC), British Patient Capital is, however, subject to other applicable laws and regulations and has policies and procedures in place designed to ensure compliance. British Patient Capital is committed to following relevant applicable good practice and ensuring high standards of internal controls.

British Patient Capital operates within the Risk Management Framework of the British Business Bank and has its own Investment Committees. A full description of the British Business Bank Risk Management Framework is included within its Annual Report. The main aspects of the framework are:

- a collection of tools, processes and methodologies that support British Patient Capital in identifying, assessing, monitoring and controlling the risks it faces in delivery of its strategic objectives
- an approach to Risk Appetite which British Patient Capital is subject to; however, the British Patient Capital Board approves the Company's own Risk Appetite Statement
- utilisation of the 'three lines of defence' risk governance model
- a wide range of policies, frameworks and procedures which take account of regulatory or legal requirements and industry best practice.

The key non-financial risks the Company is exposed to are:

- maintaining a suitably qualified investment team and Board to deliver the Company's investment strategy
- ensuring systems and processes support investment decision-making, reporting and portfolio management
- procuring appropriate support across a range of services from British Business Bank plc including: finance, legal, risk, IT and communications.

The key financial risks the Company is exposed to are detailed in note 14 of the accompanying financial statements.



**Catherine Lewis La Torre**  
Chief Executive Officer

3 November 2023

# Statement of Directors' responsibilities

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

Under company law, the Directors are required to prepare the Financial statements in accordance with recognised accounting standards.

The Directors have chosen to adopt International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, which is consistent with the accounting treatment adopted by the parent company.

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

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial statements may differ from legislation in other jurisdictions.

## Directors' responsibility statement

We confirm that to the best of our knowledge:

- the Financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces
- the Annual Report and Financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Approved by the Board of Directors.



**Catherine Lewis La Torre**  
Chief Executive Officer

3 November 2023

# Independent auditor's report

To the members of British Patient Capital Limited

## Opinion on financial statements

I have audited the financial statements of British Patient Capital Limited for the year ended 31 March 2023 which comprise British Patient Capital Limited's:

- Statements of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of British Patient Capital Limited's affairs as at 31 March 2023 and its loss for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also applied the ethical standards relevant to listed entities. I am independent of British Patient Capital Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that British Patient Capital Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included review of the letter of comfort from BBB plc to continue to provide sufficient funding for British Patient Capital Limited. The basis for the going concern assessment is supported by the evidence provided.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on British Patient Capital Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other Information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which I report by exception

In the light of the knowledge and understanding of British Patient Capital Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the British Patient Capital Limited from whom the auditor determines it necessary to obtain audit evidence;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report in accordance with the Companies Act 2006; and

- assessing British Patient Capital Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

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

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of British Patient Capital Limited's accounting policies; and
- inquired of management, British Business Bank plc's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to British Patient Capital Limited's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including British Patient Capital Limited's controls relating to British Patient Capital Limited's compliance with the Companies Act 2006;

- inquired of management, British Business Bank plc's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant internal specialists, including financial instrument specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within British Patient Capital Limited for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of British Patient Capital Limited's framework of authority and other legal and regulatory frameworks in which British Patient Capital Limited operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of British Patient Capital Limited. The key laws and regulations I considered in this context included Companies Act 2006 and tax legislation.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and

- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

### Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### Susan Clark

Senior Statutory Auditor

6 November 2023

For and on behalf of the  
Comptroller and Auditor General  
(Statutory Auditor)

National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Financial statements

# Statement of comprehensive net income

For the year ended 31 March 2023

	Note	2023 £000	2022 £000 Restated
<b>Income</b>			
Realised net gains on investment assets	4	2,820	4,021
Unrealised net (losses)/gains on investment assets	4	(92,778)	350,025
Management fee income		1,821	1,491
<b>Net operating income</b>		<b>(88,137)</b>	<b>355,537</b>
<b>Expenditure</b>			
Staff costs	5.1	(3,447)	(2,717)
Other operating expenditure	6.1	(1,333)	(1,217)
Management fee expense	6.2	(12,210)	(12,353)
<b>Operating expenditure</b>		<b>(16,990)</b>	<b>(16,287)</b>
<b>(Loss)/Profit before tax</b>		<b>(105,127)</b>	<b>339,250</b>
Tax	7.1	20,533	(87,064)
<b>(Loss)/Profit for the year after tax</b>		<b>(84,594)</b>	<b>252,186</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(84,594)</b>	<b>252,186</b>

All operations are continuing.

The Company has no other recognised gains and losses; therefore no separate statement of other comprehensive income has been presented.

The notes on pages 38 to 54 form an integral part of the financial statements.

In the prior year, Realised net gains on investment assets £4,021k and Unrealised net (losses)/gains on investment assets £350,025k were shown as a combined line item, Net gains on investment assets £354,046k.

# Statement of financial position

As at 31 March 2023

	Note	2023 £000	2022 £000 Restated
<b>Assets</b>			
Cash and cash equivalents	8	7,677	14,765
Trade and other receivables	9	437	2,271
Investments held at fair value through profit or loss	10	1,419,264	1,253,388
<b>Total assets</b>		<b>1,427,378</b>	<b>1,270,424</b>
<b>Current liabilities</b>			
Trade and other payables	11	(37,848)	(68,967)
Corporation tax payable	7.2	(4,294)	-
<b>Total current liabilities</b>		<b>(42,142)</b>	<b>(68,967)</b>
<b>Non-current liabilities</b>			
Trade and other payables	11	(19,200)	-
Deferred tax liability	7.3	(105,340)	(130,167)
<b>Total non-current liabilities</b>		<b>(124,540)</b>	<b>(130,167)</b>
<b>Net assets</b>		<b>1,260,696</b>	<b>1,071,290</b>
<b>Equity</b>			
Issued share capital	13	941,523	667,523
Retained earnings		319,173	403,767
<b>Total equity</b>		<b>1,260,696</b>	<b>1,071,290</b>

The Financial statements of the Company (company number 11271076) were approved by the Board of Directors on 3 November 2023 and authorised for issue on the date of the independent auditor's report. They were signed on its behalf by:



**Catherine Lewis La Torre**  
Chief Executive Officer

The notes on pages 38 to 54 form an integral part of the Financial statements.

In the prior year, deferred tax was included under Current liabilities which has now been moved to Non-current liabilities.

# Statement of changes in equity

As at 31 March 2023

	Note	Issued capital £000	Retained earnings £000	Total £000
Balance at 1 April 2021		462,723	151,581	614,304
Net income after tax		-	252,186	252,186
<b>Total comprehensive income</b>		-	<b>252,186</b>	<b>252,186</b>
Issue of ordinary shares	13	204,800	-	204,800
<b>Balance at 31 March 2022</b>		<b>667,523</b>	<b>403,767</b>	<b>1,071,290</b>
Balance at 1 April 2022		667,523	403,767	1,071,290
Net loss after tax		-	(84,594)	(84,594)
<b>Total comprehensive loss</b>		-	<b>(84,594)</b>	<b>(84,594)</b>
Issue of ordinary shares	13	274,000	-	274,000
<b>Balance at 31 March 2023</b>		<b>941,523</b>	<b>319,173</b>	<b>1,260,696</b>

The notes on pages 38 to 54 form an integral part of the financial statements.

# Cash flow statement

For the year ended 31 March 2023

	Note	2023 £000	2022 £000 Restated
(Loss)/Profit before tax		(105,127)	339,250
<b>Cash flows from operating activities</b>			
Changes in operating assets and liabilities:			
Net cash (increase) in assets at fair value through profit or loss	10	(255,834)	(233,398)
Adjustment for non-cash losses/(gains) on fair value through profit or loss investments	10	89,958	(354,046)
Decrease/(increase) in trade and other receivables	9	1,834	(2,225)
Increase in trade and other payables	11	20,081	3,759
Intercompany tax settlement		-	2,256
<b>Net cash used in operating activities</b>		<b>(249,088)</b>	<b>(244,404)</b>
<b>Cash flows from financing activities</b>			
Net increase in shareholder funding	11/16	242,000	245,800
<b>Net cash from financing activities</b>		<b>242,000</b>	<b>245,800</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(7,088)</b>	<b>1,396</b>
Cash and cash equivalents at beginning of the year		14,765	13,369
<b>Cash and cash equivalents at end of the year</b>		<b>7,677</b>	<b>14,765</b>

The notes on pages 38 to 54 form an integral part of the Financial statements.

In the prior year, there was a separate line item of £204,800 relating to issue of new shares which was a non-cash transaction. This is now consolidated into Net increase in shareholder funding.

During the year, £32,000k of the prior year payables figure was settled for shares. This has therefore been excluded from Increase in trade and other payables as it was a non-cash item.

# Notes to the Financial statements

For the year ended 31 March 2023

## 1. General information

British Patient Capital Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Steel City House, West Street, Sheffield, S1 2GQ.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 23.

## 2. Significant accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The Financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

These financial statements are presented in pounds sterling because that is the currency of the primary economic zone in which the Company operates.

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero. British Patient Capital Limited has been designated to the Department for Business and Trade with accounting officer responsibilities formally transferred from 1 April 2023. Any reference to DBT in the financial statements also infers reference to BEIS.

### Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from the British Business Bank plc stating it will provide sufficient funding to enable the Company to meet its liabilities as and when they fall due for a period of not less than twelve months from the date of approval of these financial statements. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### Adoption of new and revised Standards

There were no new or amended standards applied for the first time and therefore no restatements of the previous financial statements required.

At the date of authorisation of these financial statements, the Directors do not expect that the adoption of Standards and Interpretations in issue but not yet effective (IFRS 17 Insurance Contracts) will have a material impact on the financial statements of the Company in future years. The company is carrying out an impact assessment with regard to the issuance of IFRS S1 and IFRS S2 Sustainability Standards.

### Income recognition – management fee income

Management fee income is recognised when a recipient obtains control of the service.

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax (VAT) and other sales-related taxes.



## Tax

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Net Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits in future years will be available against which deductible temporary differences can be utilised.

Current and deferred tax are recognised in the Statement of Comprehensive Net Income.

## Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, less directly attributable transaction costs, except for the transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss which are recognised immediately in the Statement of Comprehensive Net Income.

In the year ended 31 March 2023, the Company made a £30m commitment to Northern Gritstone Ltd through subscribed but uncalled share capital. As at 31 March 2023 £6m of this commitment had been drawn by Northern Gritstone Ltd for which the Company received an updated share certificate showing this amount as called and fully paid, therefore recognised as an investment held at FVTPL. Due to the nature of the investment, the undrawn element also meets the definition of a financial asset and liability and the Company has therefore reflected the uncalled share capital of £24m within Investments held at FVTPL, with an equal and opposite liability.

## Classification of financial instruments

Financial assets are classified under IFRS 9 as amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) depending on the business model and the contractual cash flow characteristics of the instruments.

The Company has undertaken an assessment of the business model in respect of each group of its financial assets and has determined that in all cases the business model is one of 'Hold to Collect' as none of its business models has an objective of sale.

The Company's financial assets comprise debt and equity instruments. Debt instruments are classified both at initial recognition and subsequently, as amortised cost instruments, where the contractual cash flows represent solely payments of principal and interest (SPPI). If the cash flows do not represent SPPI, the instrument is measured at FVTPL.

All of the Company's equity instruments are measured at FVTPL, both on initial recognition and subsequently.

The Company currently has no financial instruments recognised as amortised cost or FVOCI according to IFRS 9 classification.

## Impairment of financial assets

Financial assets are written off from an accounting perspective when there is no realistic prospect of receiving further returns.

## Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

## Trade and other receivables

Trade and other receivables are measured at amortised cost.

## Trade and other payables

Trade and other payables are classified and subsequently measured at amortised cost.

## Foreign exchange

The Company applies IAS 21 The Effects of Changes in Foreign Exchange Rates, and transactions that are denominated in a foreign currency are translated into sterling at the rate of exchange ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are retranslated at the rates of exchange ruling at that date. Translation differences are recognised as fair value movements in the Statement of Comprehensive Net Income.

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects current and future years.

#### Judgements

##### Debt and equity fund net asset values used in the assessment of FVTPL fund investment valuations

The future returns from FVTPL fund investments are inherently uncertain and will depend on a range of factors including the manager's success in originating lending and investment opportunities, costs and fees, how the manager exercises discretion in trading off equity against debt components in loan structures, credit and warrant/equity performance, and prevailing market conditions.

The values of the Company's investments in FVTPL debt and equity funds are based on the fund net asset values (NAVs). In general, the fund's investments in underlying portfolio companies do not have observable market inputs which can be used for the purposes of measuring fair value and are therefore valued using Level 3 inputs as defined by IFRS 13. The managers of the funds apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UKGAAP. Most of the Company's investment funds apply IFRS valuation methodologies or apply the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

The Company's direct investments in Co-investment and Future Fund: Breakthrough are not considered fund investments and therefore not based on fund NAVs.

##### Valuations of FVTPL direct investment valuations

Measuring fair value of financial instruments that are not traded in active markets requires judgement, as there will often be a range of techniques or prices that could plausibly be applied. The valuation approach applied to direct investments is described within note 14.

#### Estimates

##### The assessment of fair value on direct investments

The fair value of investments is established with reference to the IPEV Guidelines. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

The Company invests in late-stage scale-up companies and growth-stage R&D intensive technology companies through unlisted securities. The fair value of these investments is assessed on a quarterly basis using valuation methodologies selected and applied in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

The price of a recent investment typically represents fair value as of the signing date of the transaction. At subsequent reporting dates, the price from the last financing round may be an appropriate starting point for estimating Fair Value. This is especially the case for investments that have less measurable performance indicators and more limited binary outcomes: success or failure. Consideration is given to the progression of key valuation drivers for each investee (e.g. revenue, rate of cash depletion, comparable companies, product roadmap, and other milestones compared with expectations at the last round to determine if the value of the investment has increased, decreased or stayed the same.

The Company applies a price revenue multiples approach where appropriate for companies with a meaningful level of sustainable revenue, and which requires management to make assumptions over the timing and nature of future revenues when calculating fair value. When using multiples, we consider public traded multiples as at the reporting date in similar lines of business and with similar growth potential.

The equity values of our portfolio companies are generally assessed via the methodologies described above. To determine the value of our investments, the relevant capital waterfalls are applied to the equity values to determine the fair value of the specific class of shares held under the current value methodology. Other methodologies would be considered if appropriate.

**4. Net (losses)/gains on investment assets**

		2023 £000	2022 £000
Realised fair value gains on assets held at fair value through profit and loss	10	2,820	4,021
Unrealised fair value (losses)/gains on assets held at fair value through profit or loss	10	(92,778)	350,025
<b>Total net (losses)/gains on investment assets</b>		<b>(89,958)</b>	<b>354,046</b>

**5. Staff numbers, staff costs and Directors' remuneration****5.1 Staff numbers and staff costs**

The average monthly number of employees including Executive Directors was:

	2023	2022
Permanent staff	29	25
Non-executive Directors	2	2
<b>Total</b>	<b>31</b>	<b>27</b>

**Aggregate remuneration comprised**

	2023 £000	2022 £000
Wages and salaries		
– Permanent staff	2,256	1,754
Non-executive Directors' fees	50	50
Short and Long-Term Incentive Plans and annual bonus scheme	457	355
Social security costs	349	291
Pension costs	335	267
<b>Total</b>	<b>3,447</b>	<b>2,717</b>

The Company's two incentive plans (the Long-Term Incentive Plan and the annual bonus scheme) are managed on a Group-wide basis by the British Business Bank plc. Further details are set out in the British Business Bank plc's Annual Report and Accounts within the Directors' Remuneration Report.

## 5.2 Directors' remuneration

Directors' remuneration during the year was £356,914 (2022: £153,887). Remuneration for the highest paid Director during the year is covered under Executive Directors' remuneration below.

### Executive Directors' remuneration

On 1 October 2022, Catherine Lewis La Torre stepped down from the role as Interim CEO and Executive Director for British Business Bank plc and became Chief Executive Officer for British Patient Capital.

The table below sets out Catherine's BPC remuneration for the 6-month period prior to the end of 31 March 2023:

	1 October 22 to 31 March 2023	Year ending 31 March 2022
	£	£
Salary	152,658	-
LTIP	126,225	-
Company Pension	15,266	-
Taxable Benefits	513	-
<b>Total</b>	<b>294,662</b>	<b>-</b>

The LTIP granted and paid for year ended 31 March 2023 as disclosed is the full value for Catherine's two roles during the year 2022-23. Any payments made under the LTIP are determined by the People and Remuneration Committee at their discretion and are dependent on personal and corporate performance over a three-year period ending 31 March 2023. With the exception of LTIP, Catherine's remuneration is pro-rated based solely on her role within British Patient Capital from 1 October 2022 to 31 March 2023.

For the period 1 April 2022 to 30 September 2022 Judith Hartley fulfilled the role of Interim CEO of the Commercial Arm with responsibility for both British Business Investments Limited and British Patient Capital.

The table below sets out Judith's BPC remuneration for the period:

	1 April to 30 September 2022	Year ending 31 March 2022
	£	£
Salary	43,018	85,000
LTIP	-	15,770
Performance Bonus	16,603	39,950
Company Pension	6,453	12,750
Taxable Benefits	245	417
<b>Total Remuneration</b>	<b>66,319</b>	<b>153,887</b>

Judith did not participate in any new long-term incentive arrangement for the year 2022/23.

Judith's remuneration is based on the Interim CEO of the Commercial Arm role with British Patient Capital responsibility during the year 2022-23. The disclosure of Judith's remuneration in the role with British Business Investments Limited responsibility is dealt with in the Directors' remuneration note of British Business Investments Limited.

### Non-executive Directors' remuneration

Non-executive Directors' remuneration for 2023 and 2022 is made up as follows:

	2023		2022	
	Total fees £000	Annual equivalent £000	Total fees £000	Annual equivalent £000
Russell Cummings	30	30	30	30
Hazel Moore	20	20	20	20
<b>Total</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

Fees for services as Non-Executive Director of the Company are £20,000 per annum, or £25,000 for a Chair. In addition, a fee of £4,995 per annum is paid to the Company's audit and risk champion.

No post-employment benefits, termination benefits or share-based payments were made to Directors in the year (2022: none).

## 6. Operating costs

### 6.1 Other operating expenditure

	2023 £000	2022 £000
Audit fee	106	85
Investment costs	840	707
Other operating expenditure	387	425
<b>Total</b>	<b>1,333</b>	<b>1,217</b>

A fee of £106,000 (2022: £85,000) plus VAT was charged for the audit of the Company's Financial statements. The Company's auditors did not provide any non-audit services.

### 6.2 Management fee expense

	2023 £000	2022 £000
Allocated staff costs	4,829	4,224
Allocated other operating expenditure	7,381	8,129
<b>Total</b>	<b>12,210</b>	<b>12,353</b>

Allocated staff costs and allocated other operating expenditure relate to recharges paid by the Company to its parent, the British Business Bank plc, for the shared services provided. Allocated staff costs include an allocation of the parent company's legal, financial, IT, risk management, corporate services, communications, and senior management costs.

## 7. Tax

### 7.1 Tax on profit on continuing activities

	2023 £000	2022 £000
<b>Current tax</b>		
Current year	-	-
Adjustment in respect of prior years	4,294	(770)
<b>Total current tax</b>	<b>4,294</b>	<b>(770)</b>
<b>Deferred tax</b>		
Current year	(28,526)	87,768
Adjustment in respect of prior years	3,699	66
<b>Total deferred tax</b>	<b>(24,827)</b>	<b>87,834</b>
<b>Total tax on continuing activities</b>	<b>(20,533)</b>	<b>87,064</b>

## 7. Tax (continued)

### Factors affecting the tax expense for the year

The tax expense for the year is different from the standard rate of Corporation Tax in the UK as explained in the table below. The Corporation Tax rate used is based on the enacted Corporation Tax rate for the year commencing 1 April 2022.

Deferred tax primarily relates to the Company's investments. It is calculated at 25% (2022: 25%) of the estimated unrealised gains within the funds. This is a temporary timing difference, and the tax will become payable once the gains are realised in the underlying funds, for example through investment exits.

The Company's investments mainly comprise interests in Limited Partnerships, with some investments being in Limited Companies. Temporary accounting movements in relation to these investments are either added back or deducted from the taxable profit or loss. The Company is subject to tax on estimated realised gains or losses arising in the individual Limited Partnerships.

The deferred tax adjustment in respect of prior years' relates to the utilisation of brought forward losses.

The table below reconciles the tax charge for the year:

	2023 £000	2022 £000
(Loss)/Profit before tax	(105,127)	339,250
Tax on profit at standard UK tax rate 19%	(19,974)	64,458
Tax effects of FV movements	(1,706)	(10,741)
Adjustments in respect of prior year	7,993	(704)
Movement of unrecognised losses	-	2,811
Tax rate changes	(6,846)	31,240
<b>Total tax charge</b>	<b>(20,533)</b>	<b>87,064</b>

### Deferred Corporation Tax

	Unrealised losses/(gains)		Deferred tax	
	2023 £000	2022 £000	2023 £000	2022 £000
Change in tax rate	-	-	6,846	(13,389)
Other timing differences*	71,923	(297,779)	17,981	(74,445)
<b>Other timing differences subject to deferred tax</b>	<b>71,923</b>	<b>(297,779)</b>	<b>24,827</b>	<b>(87,834)</b>

\* Other timing differences arise principally in relation to fair value adjustments to the carrying value of investments recorded in the Statement of Comprehensive Net Income for which chargeable gains/allowable losses will arise on a subsequent disposal of the underlying investments.

### 7.2 Corporation Tax receivable

	2023 £000	2022 £000
Corporation Tax payable/(receivable) at 1 April	-	(1,486)
Tax expense for the year	4,294	(770)
Intercompany tax settlement	-	2,256
<b>Corporation Tax payable at 31 March</b>	<b>4,294</b>	<b>-</b>

### 7.3 Deferred tax liability

	2023 £000	2022 £000
Deferred tax liability at 1 April	(130,167)	(42,333)
Movement in the year	24,827	(87,834)
<b>Deferred tax liability at 31 March</b>	<b>(105,340)</b>	<b>(130,167)</b>

**8. Cash and cash equivalents**

	2023 £000	2022 £000
Government Banking Service	7,677	14,765
<b>Total</b>	<b>7,677</b>	<b>14,765</b>

As the majority of cash is held in the Government Banking Service there is minimal cost to the Exchequer.

**9. Trade and other receivables**

	2023 £000	2022 £000
Trade and other receivables	437	15
Amounts due from Group companies	-	2,256
<b>Total</b>	<b>437</b>	<b>2,271</b>

Trade receivables disclosed above are measured at amortised cost.

The Directors consider that the carrying amount of trade receivables approximates to their fair value as they are short-term in nature.

**10. Investments****Investments held at fair value through profit or loss****As at 31 March 2023**

	Opening balance £000	Additions £000	Repayments £000	FV Movements £000	Closing balance £000
Venture Growth	508,237	107,505	(19,872)	(48,084)	547,786
Venture	662,771	109,176	(12,188)	(53,437)	706,322
Co-investment	55,159	7,000	-	832	62,991
Future Fund: Breakthrough	25,307	65,521	-	23	90,851
Life Sciences Investment Programme	1,914	9,135	(10,443)	10,708	11,314
<b>Total</b>	<b>1,253,388</b>	<b>298,337</b>	<b>(42,503)</b>	<b>(89,958)</b>	<b>1,419,264</b>

**As at 31 March 2022**

	Opening balance £000	Additions £000	Repayments £000	FV Movements £000	Closing balance £000
Venture Growth	309,121	134,107	(46,992)	112,001	508,237
Venture	344,674	123,405	(19,796)	214,488	662,771
Co-investment	12,149	15,293	-	27,717	55,159
Future Fund: Breakthrough	-	25,330	-	(23)	25,307
Life Sciences Investment Programme	-	2,055	(4)	(137)	1,914
<b>Total</b>	<b>665,944</b>	<b>300,190</b>	<b>(66,792)</b>	<b>354,046</b>	<b>1,253,388</b>

Repayments are received when an investment has exited or partially exited an underlying investment and the Company receives its share of the proceeds due to the contractual obligations of the fund.

## 10. Investments (continued)

### Venture Growth and Venture

Through the Venture and Venture Growth programmes, the Company invests in commercially viable venture and venture growth capital funds, including evergreen structures, to support UK companies with high growth potential to access the long-term financing they need to scale up. These investments are accounted for and measured at FVTPL under IFRS 9.

### Co-investment

Through the Co-Investment programme, BPC invests in late-stage UK scale up companies. Currently it co-invests alongside BPC fund General Partners into their existing portfolio companies. This allows BPC to increase its exposure to the best portfolio companies in its best funds. These investments are accounted for and measured at FVTPL under IFRS 9.

### Future Fund: Breakthrough (FF:B)

Through the Future Fund Breakthrough programme BPC directly invests alongside private sector investors in growth stage R&D intensive UK companies operating in breakthrough technology sectors. These investments are accounted for and measured at FVTPL under IFRS 9.

### Life Sciences Investment Programme (LSIP)

Through the LSIP programme BPC invests in commercially viable later stage life sciences venture growth funds, to support UK companies with high growth potential to access the long-term finance they need to scale up. These investments are accounted for and measured at FVTPL under IFRS 9.

### Ongoing impact of market conditions on investment valuations

We reported in the prior year that we have seen further recovery in economic activity as we recover from the impact of Covid-19. However, market conditions during 2022/23 have been demanding and extraordinary. Inflation is at a 40 year high, and we have seen the first UK interest rate hike cycle in 15 years.

This ongoing economic uncertainty has given rise to additional uncertainty around investment valuations. The impact on investments will vary depending on individual business models and the success of any mitigating market interventions. Valuation methodologies include market multiples, industry benchmarks and discounted cashflows, all of which are inherently more uncertain as marketplaces change and so forecasts and historical reference points become less reliable.



**11. Trade and other payables**

	2023 £000	2022 £000
<b>Amounts falling due within one year</b>		
Trade payables	9	130
Other payables	4,800	-
VAT and social security	149	-
Accrued expenditure	1,638	1,012
Amounts due to Group companies	31,252	67,825
<b>Total</b>	<b>37,848</b>	<b>68,967</b>
<b>Amounts falling due after one year</b>		
Other payables	19,200	-
	<b>19,200</b>	<b>-</b>
<b>Total</b>	<b>57,048</b>	<b>68,967</b>

The Directors consider that the carrying amount of trade payables approximates to their fair value.

**12. Capital commitments**

The Company had the following undrawn commitments at the balance sheet date in relation to its existing investment portfolio:

	2023 £000	2022 £000
		<b>Restated</b>
Venture Growth	293,141	279,446
Venture	258,829	257,424
FF:B	9,679	6,017
LSIP	30,769	27,625
<b>Total</b>	<b>592,418</b>	<b>570,512</b>

During the year it was discovered that the 2022 FF:B commitments were incorrect. These capital commitments have been restated as at March 2022 by increasing the FF:B capital commitment by £6.02m.

**13. Share capital**

	2023 £000	2022 £000
Issued and fully paid ordinary shares of £1 each:	941,522,539	667,522,539
	<b>2023 £000</b>	<b>2022 £000</b>
Brought forward	667,523	462,723
Shares issued	274,000	204,800
<b>Carried forward</b>	<b>941,523</b>	<b>667,523</b>

The Company has one class of ordinary shares which carry no right to fixed income. During the year the company issued 274,000,000 (2022: 204,800,000) ordinary £1 shares at par value, as a non-cash share issue to settle Shareholder funding.

## 14. Financial Instruments

### (i) Categories of financial instruments

The following table analyses the Company's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9. Trade and other payables excludes VAT and Social Security of £0.1m (2022: £nil), as these are not classified as financial liabilities, therefore the value in the below table will differ to the Statement of financial position.

At 31 March 2023

	Note	Assets held at FVTPL £000	Assets and liabilities held at amortised cost £000	Total £000
<b>Assets</b>				
Cash and cash equivalents	8	-	7,677	7,677
Trade and other receivables	9	-	437	437
Investments held at FVTPL	10	1,419,264	-	1,419,264
<b>Total assets</b>		<b>1,419,264</b>	<b>8,114</b>	<b>1,427,378</b>
<b>Liabilities</b>				
Trade and other payables	11	-	(56,899)	(56,899)
<b>Total liabilities</b>		<b>-</b>	<b>(56,899)</b>	<b>(56,899)</b>
<b>Net assets</b>		<b>1,419,264</b>	<b>(48,785)</b>	<b>1,370,479</b>

At 31 March 2022

	Note	Assets held at FVTPL £000	Assets and liabilities held at amortised cost £000	Total £000
<b>Assets</b>				
Cash and cash equivalents	8	-	14,765	14,765
Trade and other receivables	9	-	2,271	2,271
Investments held at FVTPL	10	1,253,388	-	1,253,388
<b>Total assets</b>		<b>1,253,388</b>	<b>17,036</b>	<b>1,270,424</b>
<b>Liabilities</b>				
Trade and other payables	11	-	(68,967)	(68,967)
<b>Total liabilities</b>		<b>-</b>	<b>(68,967)</b>	<b>(68,967)</b>
<b>Net assets</b>		<b>1,253,388</b>	<b>(51,931)</b>	<b>1,201,457</b>

### (ii) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the year covered by these financial statements all fair value through profit or loss financial investments are considered Level 3 assets, except for one which is classified as a Level 1 asset. Financial instruments classified within Level 3 have significant unobservable inputs and include term loans and investments in private funds. As observable prices are not available for these financial instruments, the Company has applied the following valuation.

## 14. Financial Instruments (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value by balance sheet classification.

### At 31 March 2023

	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>					
<b>FVTPL mandatory</b>					
Venture/Venture Growth	10	15,634	-	1,238,474	1,254,108
Co-Investment	10	-	-	62,991	62,991
Future Fund: Breakthrough	10	-	-	90,851	90,851
Life Sciences Investment Programme	10	-	-	11,314	11,314
<b>Total financial assets at FVTPL mandatory</b>		<b>15,634</b>	<b>-</b>	<b>1,403,630</b>	<b>1,419,264</b>
<b>Total financial assets measured at fair value</b>		<b>15,634</b>	<b>-</b>	<b>1,403,630</b>	<b>1,419,264</b>

### At 31 March 2022

	Note	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>Financial assets</b>					
<b>FVTPL mandatory</b>					
Venture/Venture Growth	10	44,343	-	1,126,666	1,171,009
Co-Investment	10	-	-	55,159	55,159
Future Fund: Breakthrough	10	-	-	25,307	25,307
Life Sciences Investment Programme	10	-	-	1,913	1,913
<b>Total financial assets at FVTPL mandatory</b>		<b>44,343</b>	<b>-</b>	<b>1,209,045</b>	<b>1,253,388</b>
<b>Total financial assets measured at fair value</b>		<b>44,343</b>	<b>-</b>	<b>1,209,045</b>	<b>1,253,388</b>

Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period. There were no transfers between levels during the year.

The valuation techniques used to value financial assets and liabilities are detailed below.

For all FVTPL assets the investment valuation, a net asset valuation (NAV) which is determined on a fair value basis, is determined by investment managers on a regular basis (monthly or quarterly) with the exception of direct investments within Co-investment and Future Fund: Breakthrough.

For all FVTPL direct investments the fair value is determined using techniques consistent with the IPEV guidelines. Measuring fair value of financial instruments that are not traded in active markets requires judgement, as there will often be a range of techniques or prices that could be applied (including comparable revenue multiples, scenario analysis, discount cashflows and milestone analysis).

The appropriate valuation technique is selected based on the individual nature, facts and circumstances of the investment and the expected view of market participants. The valuation techniques are calibrated using transaction prices. The direct investment valuations are reviewed on a quarterly basis.

The Directors review the investment valuation reports periodically and are satisfied that they provide an appropriate measure of fair value at the reporting date.

## 14. Financial Instruments (continued)

### (ii) Fair value measurements (continued)

	Investments in funds and unlisted private equities £000
As at 1 April 2022	1,209,045
Additions	298,336
Repayments	(42,503)
Fair value movements	(61,248)
As at 31 March 2023	1,403,630

	Investments in funds and unlisted private equities £000
As at 1 April 2021	619,773
Additions	300,191
Repayments	(66,793)
Fair value movements	355,874
As at 31 March 2022	1,209,045

### (iii) Financial risk management

The Company has exposure to a number of financial risks through the conduct of its operations. This note presents information about the nature and extent of risks arising from the financial instruments.

Financial Risk covers the risk of direct or indirect financial losses in on and off-balance sheet positions as a result of the failure of an end borrower or counterparty to meet its obligations in accordance with agreed terms or that arise from fluctuations in values of, or income from, assets or in movements in interest or exchange rates or credit spreads.

The Company has exposure to the following material risks from its use of financial instruments:

- Credit and investment risk
- Market risk.

### Credit and Investment risk

Credit Risk is the risk that our contractual counterparty could fail to meet their transactional obligations according to the contract or our expectations.

Investment risk is the risk of loss from lack of diversification, investing too heavily in one sector, geographic area or type of security, notwithstanding a desire to address market failures. There is a risk that the Return on Investment is lower than the predicted ROI.

The degree to which the Company is exposed to credit risk depends on the individual characteristics of the contract counterparty and the nature of the investment. The amount of exposure, before taking into account any collateral or security, in each class of financial asset is limited to the amount invested at any given point in time. The Company is exposed to investment risk through its Venture/ Venture Growth investments. This risk is mitigated by holding a portfolio that is diverse by stage, sector and vintage.

The Company has the following assets subject to expected credit loss impairments:

### Cash and cash equivalents

The Company held cash and cash equivalents of £7.7m as at 31 March 2023 (2022: £14.8m). The cash and cash equivalents are held with the Government Banking Service.

The Company considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the holding parties. As such, an expected credit loss has not been recognised in the accounts.

### Trade and other receivables

Impairment on trade and other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. An expected credit loss has not been recognised in the accounts as it would be immaterial.

## 14. Financial Instruments (continued)

### Equity price risk

Equity price risk arises from the uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements. As stated in Note 3, valuation of unquoted equity investments at fair value through profit or loss is a critical accounting estimate and actuals may differ from estimates.

The Company is exposed to equity price risk in respect of equity rights and investments held by the Company and classified on the balance sheet as financial assets at FVTPL. These equity rights are held mostly in unquoted high-growth technology companies and are valued by the managers of the funds who apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UKGAAP. Most of the Company's investment funds apply IFRS valuation methodologies or apply the IPEV Guidelines. These valuations are subject to market movements.

The Company seeks to manage this risk by routinely monitoring the reported performance of these investments, employing stringent investment appraisal processes on a quarterly basis.

The Company has considered the historical time series of the Preqin Venture Index movements and observed that the +/-30% sensitivities are within the 5th percentiles and 95th percentiles of all movements since 2001. Therefore, the Company consider the range to be within the bounds of reasonable changes in Preqin Venture index prices.

Theoretical impact of a fluctuation in equity prices of +/-30% would be as follows:

	NAV of underlying fund	
	+30%	-30%
	£000	£000
As at 31 March 2023	425,779	(425,779)
As at 31 March 2022	376,016	(376,016)

### Market risk

Market risk is the risk of direct or indirect losses that arise from fluctuations in the values of, or income from, assets or in movements in interest or exchange rates.

The Company primarily invests in its functional currency, pounds sterling. There are some investments in funds which have a Europe-wide investment mandate, and are denominated in euros. A condition of investment in these funds is that they invest into the UK at a fund level a larger amount than our financial investment. Approximately 35% of the Company's portfolio is in non-pounds sterling denominated investments. The currency impact included in the overall FVTPL investments fair value movement for the year ended 31 March 2023 was £24.6m. There is currently no policy to hedge this currency risk.

### Liquidity risk

Liquidity risk is the risk that an entity does not have sufficient financial resources in the short term to meet its obligations as they fall due, or its strategy is constrained by inadequate or inappropriate funding sources.

Liquidity risk is not deemed material to the Company as it is part of the British Business Bank plc Group which is 100% Government-funded, with all programmes pre-approved and committed to, and it does not have a leveraged balance sheet.

## 15. Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control.

Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Company. Such interests include debt and equity investments and investment management agreements. The Company also co-invests with a number of limited partnerships. The Company does not exercise control over these investments and in the main does not exercise its right to hold a board seat. Where a board seat is held, it is for the purpose of observer rights and the Company does not exercise control.

The nature and extent of the Company's interest in structured entities and its maximum exposure are summarised below:

### Interest in Limited Partnerships

	2023 £000	2022 £000 Restated
Assets at fair value through profit or loss	1,219,788	1,128,579
<b>Total</b>	<b>1,219,788</b>	<b>1,128,579</b>

In the prior year, assets at fair value through profit or loss were overstated by £124,809k, this has been restated in the above table.

## 16. Related party transactions

The Secretary of State for the Department for Business and Trade is the ultimate controlling party and sole shareholder of British Business Bank plc, which owns BBB Patient Capital Holdings Ltd, which is the Company's parent company. Nuclear Liabilities Fund Limited (NLF) is a related party by virtue of being controlled by the Company's parent company's ultimate controlling party. All entities under the group are considered to be related parties. The Company entered into transactions with the Department of Business and Trade, NLF and the following British Business Bank plc Group companies in the year:

	2023 £000	2022 £000
<b>Income</b>		
NLF – Management fee	1,821	1,491
<b>Total</b>	<b>1,821</b>	<b>1,491</b>
	2023 £000	2022 £000
<b>Expenditure</b>		
British Business Bank plc	11,212	11,400
British Business Financial Services Limited	998	953
<b>Total</b>	<b>12,210</b>	<b>12,353</b>

### Amounts outstanding at year-end

As at the balance sheet date, the Company had balances outstanding with the following Group companies:

	2023 £000	2022 £000
<b>Receivables</b>		
British Business Bank plc	-	2,256
<b>Total</b>	<b>-</b>	<b>2,256</b>
<b>Payables</b>		
British Business Bank plc	110	4,676
BBB Patient Capital Holdings Limited	31,000	63,000
British Business Financial Services Limited	142	149
<b>Total</b>	<b>31,252</b>	<b>67,825</b>

The Company is acting as agent for the NLF portion of investments and the above management charge reflects their charge for the year.

During the year, the Company received working capital loans from its parent company, which totalled £242m (2022: £245.8m) and made a repayment via a non-cash share issue of £274.0m (2022: £204.8m), leaving a balance of £31m (2022: £63m) owing to its parent company. This loan is expected to be repaid within one year by issuing shares to the parent company.

**17. Events after the reporting date**

Since the reporting date there has continued to be volatility in the macroeconomic environment with the Bank England raising interest rates from 4.25% to 5.25% which impacts on the valuations of investment assets. Following receipt of the 30 June 2023 fund manager quarterly valuations there has been a fair value reduction of the Company's share of an underlying portfolio company of £22.0m. Management have assessed this as being a non-adjusting event after reporting date as the conditions that led to the fair value reduction were not known at 31 March 2023. There has been no other material impact of any individual investment asset.

As at the date of this Annual Report and Accounts, there have been no further post-reporting date events that require disclosure.

**18. Controlling party**

The Company's parent is BBB Patient Capital Holdings Limited, which in turn is a wholly owned subsidiary of the British Business Bank plc. In the opinion of the Directors, the Company's controlling party is the British Business Bank plc's shareholder, the Department for Business and Trade (previously the Department for Business, Energy and Industrial Strategy).

The consolidated Financial statements of the Department for Business and Trade are available from the Government departments' website at GOV.UK. Copies of the Group consolidated Financial statements of the British Business Bank plc are available from Companies House, Crown Way, Cardiff CF14 3UZ.



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