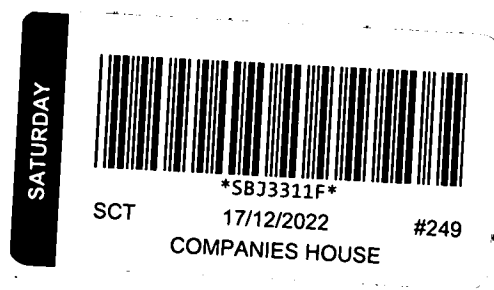


BlackRock.

BlackRock Smaller Companies Trust plc

Half Yearly Financial Report 31 August 2022

(Registered in Scotland, No. 006176)



Keeping in touch

We know how important it is to receive up-to-date information about the Company. To ensure that you are kept abreast of developments, please visit our website at <https://go.blackrock.com/LP=2142> to sign up to the Trust Matters newsletter. You will then receive the latest factsheets, market commentary and insights from your Portfolio Manager. You will also be notified of our upcoming events and webinars.

You can find further information about the Company on our website at <http://www.blackrock.com/uk/brsc>.

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

Corporate summary

The Company	The Company is an investment trust, and its shares are listed on the London Stock Exchange. The Company aims to attract long-term private and institutional investors wanting to benefit from the growth prospects of smaller companies.	
Investment objective	To achieve long-term capital growth for shareholders through investment mainly in smaller UK quoted companies.	
Benchmark index	Numis Smaller Companies plus AIM (excluding Investment Companies) Index.	
Alternative Investment Fund Manager	BlackRock Fund Managers Limited (The Manager or AIFM).	
Investment Manager	BlackRock Investment Management (UK) Limited (BIM (UK)) – Portfolio Manager: Roland Arnold.	
Board	The Company has an independent Board of Directors which is responsible for the governance of the Company, monitors its performance and keeps the investment strategy under review.	
Website	Information about the Company can be found on the website www.blackrock.com/uk/brsc .	
AIC	The Company is a member of the Association of Investment Companies.	
Financial calendar	November 2022	Announcement of results for six months ending 31 August 2022
	November/December 2022	Payment of interim dividend on ordinary shares
	April/May 2023	Announcement of results for year ending 28 February 2023
	June 2023	Payment of final dividend on ordinary shares
	June 2023	Annual General Meeting
Depository, Custodian and Fund Accountant	The Bank of New York Mellon (International) Limited (BNYM).	

Why BlackRock Smaller Companies Trust plc?

Further information

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

Reasons to invest

✓ Outperforming asset class

The Company offers investors exposure to UK smaller companies, an asset class that has historically outperformed larger companies by circa 4.0%¹ per annum.

✓ Opportunities for active managers

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

✓ Highly experienced Emerging Companies team² with a robust investment process

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

✓ Globally diversified portfolio

The UK small and mid-cap universe contains many industry leaders often operating and selling globally. This allows BlackRock to construct a portfolio of global businesses. Currently around 50%^{3,4} of the portfolio's revenues are generated from overseas operations.

✓ IPO opportunities

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

✓ Differentiated source of income

Investing in high quality, cash generative businesses has enabled the Company to increase its total annual dividend every year for 19 years. Since 2006, dividend growth has substantially outperformed the dividend growth of the median Equity Income Fund³.

✓ Additional exposure through leverage

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

✓ Benefits of a closed-ended vehicle

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

✓ Strong performance record

The Company has a proven strategy with a consistent track record, outperforming its benchmark for 18 out of the last 19 financial years³.

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

¹ Source: Datastream. For the period 1955 to 2022. Numis Smaller Companies Index + AIM ex Investment Companies Total Return Index (previously known as Hoare Govett). Barclays Equity Total Return (December 1955 to December 2006). FTSE All-Share Total Return (January 2007 to August 2022).

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

³ Sources: BlackRock and Datastream, for the year ended 28 February 2022.

⁴ Based on total revenue earned during the period.

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

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A member of the Association of Investment Companies

Performance record

	As at 31 August 2022	As at 28 February 2022	
Net asset value per ordinary share (debt at par value) (pence) ¹	1,536.94	1,878.11	
Net asset value per ordinary share (debt at fair value) (pence) ¹	1,572.01	1,882.38	
Ordinary share price (mid-market) (pence) ¹	1,344.00	1,684.00	
Numis Smaller Companies plus AIM (excluding Investment Companies) Index ²	15,481.17	17,421.96	
Assets			
Total assets less current liabilities (£'000)	819,976	986,537	
Equity shareholders' funds (£'000) ³	750,485	917,078	
Ongoing charges ratio ^{4,5}	0.7%	0.8%	
Dividend yield ⁶	2.7%	2.1%	
Gearing ⁴	nil	4.3%	
	For the six months ended 31 August 2022	For the six months ended 31 August 2021	
Performance (with dividends reinvested)⁴			
Net asset value per share (debt at par value) ^{2,4}	-17.1%	29.0%	
Net asset value per share (debt at fair value) ^{2,4}	-15.4%	29.0%	
Ordinary share price (mid-market) ^{2,4}	-18.9%	28.0%	
Numis Smaller Companies plus AIM (excluding Investment Companies) Index ^{2,4}	-11.1%	16.5%	
	For the six months ended 31 August 2022	For the six months ended 31 August 2021	Change %
Revenue and dividends			
Revenue return per share	25.07p	20.05p	25.0
Interim dividend per share	14.50p	13.00p	11.5

Chairman's Statement

for the six months ended 31 August 2022

Dear Shareholder

Ronald Gould
Chairman

I am pleased to present to shareholders the half yearly financial report for the six months ended 31 August 2022.

Performance

The first six months of the Company's financial year have been characterised by volatility and increased market uncertainty. The receding COVID-19 pandemic has left in its wake supply constraints as economic activity restarted, causing inflation to rise sharply as demand for goods outstripped supply. The war in Ukraine compounded these issues as energy costs spiralled and the resulting energy supply shock helped to drive inflation to levels not seen in decades in the UK, hitting a 40 year high of 10.1% in July 2022. In response, the Bank of England has raised interest rates by 1.75 percentage points since February 2022, to 2.25% in October 2022 with further increases on the horizon and likely to impact consumer confidence and result in lower overall levels of growth for UK public companies.

Against this challenging backdrop, the Company's net asset value (NAV) fell by 15.4%^{1,2,3} over the period under review, to 1,572.01p per share, underperforming the Company's benchmark, the Numis Smaller Companies plus AIM (excluding Investment Companies) Index, which fell by 11.1%^{1,3} over the same period. The Company's share price fell by 18.9%^{1,3} to 1,344.00p per share over the same period. Performance relative to the benchmark was driven mainly by stock selection, with a number

of our stronger conviction stocks underperforming despite trading well and delivering against their long term strategies. Further details, and some examples of such stocks, are given in the Investment Manager's Report. Looking at the broader market environment, the FTSE 100 Index was broadly static, rising by just 0.1%¹ over the period, the FTSE 250 Index fell by 8.0%¹ and the FTSE All Share Index fell by 1.3%¹. The performance of both the NAV and share price over the longer term are illustrated in the table on page 6.

Returns and dividends

Dividend revenue from portfolio companies increased significantly this year, with the Company's revenue return per share for the six months ended 31 August 2022 up by 25.0% to 25.07p per share (compared to 20.05p revenue return per share for the six months to 31 August 2021). After adjusting for the impact of special dividends received, which amounted to 1.90p per share (31 August 2021: 2.51p per share), regular dividend income from portfolio companies increased by 22.0% compared to 2021 levels.

The Board is mindful of the importance of yield to shareholders. This is particularly true in the current environment as inflation and a challenging global economic backdrop erodes the value of the pound in consumers' pockets. The Board is also cognisant of the benefits of the Company's investment trust structure

¹ Percentages in Sterling terms with dividends reinvested.

² Debt at fair value.

³ Alternative Performance Measure, see Glossary on pages 31 to 34.

Performance to 31 August 2022	6 Months change %	1 Year change %	3 Years change %	5 Years change %	10 Years change %
Net asset value per share (with dividends reinvested) ^{1,2}	-15.4	-29.3	+13.8	+20.6	+218.4
Share price (with dividends reinvested) ¹	-18.9	-36.1	+1.8	+20.5	+227.0
Benchmark (with dividends reinvested) ¹	-11.1	-22.6	+13.9	+7.6	+106.6

¹ All calculations are in Sterling terms with dividends reinvested. Full details of how these calculations are performed are set out in the Glossary on pages 32 to 33.

² Debt at fair value.

which enables it to retain up to 15% of total revenue each year to build up reserves which may be carried forward and used to pay dividends during leaner times. The Company has substantial distributable reserves (£684.0 million as at 31 August 2022, including revenue reserves of £17.9 million). To put this into context, the current level of annual dividend distribution based on dividends declared in respect of the year ended 28 February 2022 amounts to £17.1 million. Accordingly, the Board is pleased to declare an interim dividend of 14.50p per share (2021: 13.00p per share) representing an increase of 11.5% over the previous interim dividend. The interim dividend will be paid on 9 December 2022 to shareholders on the Company's register on 11 November 2022.

Gearing

The Company has traditionally maintained a range of borrowings and facilities to provide balance between longer-term and short-term maturities and between fixed and floating rates of interest. On 31 July 2022, the Company's £15 million 7.75% debenture expired and was redeemed. Your Board had already taken steps to refinance this redemption, issuing £25 million senior unsecured fixed rate private placement notes with a 25 year maturity at a coupon of 2.47% in September 2021; the lower coupon rate represents a saving in interest costs of approximately £792,000 a year in respect of the £15 million of debt that has been redeemed. In addition, your Board increased the level of the Company's uncommitted overdraft facility from £10 million to £25 million in July 2022.

The Company now has in place fixed rate funding consisting of £25 million senior unsecured fixed rate private placement notes issued in May 2017 at a coupon of 2.74% maturing in 2037, £20 million senior unsecured fixed rate private placement notes issued in December 2019 at a coupon of 2.41% maturing in 2044, and £25 million senior unsecured fixed rate private placement notes issued in September 2021 at a coupon of 2.47% maturing in 2046. Shorter-term variable rate funding consists of a £35 million three-year revolving loan facility with SMBC Bank International plc (formerly Sumitomo Mitsui Banking Corporation Europe Limited) (expiring in November 2022) and, as noted above, an uncommitted overdraft facility of £25 million with The Bank of New York Mellon (International) Limited.

It continues to be the Board's intention that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets. The Company's net gearing stands at 2.1% of net assets as at 1 November 2022.

Discount

During the period, the Company's shares traded at an average discount to NAV (with debt at fair value) of 13.8%. The discount ranged between 18.0% and 9.1% and ended the period at 14.5%. The Company's shares were trading at a discount of 14.2% to NAV (with debt at fair value) as at close of business on 1 November 2022.

Board composition

In previous Chairman's Statements, I have noted that the Board has adopted a policy of limiting directors' tenure to nine years (or twelve years in the case of the Chairman), with a phased implementation over time to ensure an orderly Board refreshment process. I am pleased to inform shareholders that the final part of this process completed in June 2022 when Ms Burton retired as Director of the Company. The Board wishes to thank Ms Burton for her wise counsel and invaluable contribution to the Company over her tenure as a Director.

As previously announced, the Board also appointed a new Director, Ms Helen Sinclair, as a non-executive Director with effect from 1 March 2022. Ms Sinclair began her career in investment banking and spent nearly eight years at 3i plc focusing on management buy-outs and growth capital investments. She later co-founded Matrix Private Equity (now Mobeus Equity Partners) in early 2000 and subsequently became Managing Director of Matrix Private Equity before moving to take on a number of non-executive director roles and brings a wealth of expertise to her role on the Board.

Outlook

Since the period end, and up until the close of business on 1 November 2022, the Company's NAV per share fell by 4.3%^{1,2} and the share price decreased by 4.0%¹, whilst the benchmark fell by 4.5%¹.

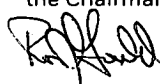
¹ All calculations are in Sterling terms with dividends reinvested.

² Debt at fair value.

While the COVID-19 pandemic recedes, the monetary and fiscal hangover from the pandemic and the resurgence in economic activity in the midst of ongoing supply disruptions have set the stage for an entrenched high inflation environment. This situation continues to be exacerbated by the devastating trajectory of events in Ukraine which have constricted the supply of key commodities dramatically and pushed energy prices ever higher. The 'stop-start' impact of China's continuing zero tolerance approach to COVID-19 has made it harder to predict global demand trends which has contributed to market volatility. The UK market has been especially subject to market and economic uncertainty with rapid changes in governments and government policy impacting confidence among both companies and investors. We face a period of further interest rate increases and a number of unknowns regarding changes in fiscal policy in general and taxation in particular. These fundamental questions do not make for easy forecasting of the future.

In this challenging environment, the Company's portfolio is weighted towards companies with well capitalised balance sheets and entrepreneurial management teams that are able to rapidly adapt their businesses to the shifting market dynamics. Our Portfolio Manager is confident that the Company's investment strategy of focusing on these quality growth investment opportunities in smaller companies makes it well placed to cope with the diverse challenges and opportunities that the coming year is likely to bring.

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



Ronald Gould

Chairman

3 November 2022

Investment manager's report

for the six months ended 31 August 2022

Roland Arnold

Market review and overall investment performance

I had hoped that having emerged from the COVID-19 induced volatility experienced over the last 2 years, investors would have time to reflect on market conditions, to digest where supply chains were broken and where they were functioning, to analyse which COVID winners would endure, which would revert to mean, and which were at risk of suffering a post-COVID slump after demand was brought forward. However events have dictated otherwise, and the first half of the financial year has been characterised by significant volatility and a broad based sell-off across almost all asset classes and markets. Fears of a global recession, supply-side shortages, persistent high inflation, interest rate increases and hawkish rhetoric from central banks have all weighed heavily on markets. Russia's invasion of Ukraine, which obviously has huge humanitarian and geopolitical ramifications, has also highlighted the dependence on Russia for key commodities across energy and agriculture. Unsurprisingly in the face of sanctions and significant supply disruptions, oil and gas prices rose sharply - further exacerbating the global inflation issue. The UK has not been immune to volatility, and I write this report as our third prime minister of 2022 is forming a cabinet and deciding on an economic policy that will hopefully cause less damaging after-effects than the previous ill thought-out budget.

Asset classes are correlated: they don't exist or operate in isolation. The steep rise in bond yields since the start of the year has undermined the valuation of longer duration stocks, contributing to underperformance of growth shares, whilst rising yields and oil prices have driven the outperformance of value stocks. Within the UK we have witnessed an unprecedented divergence between parts of the market driven by the fundamentally different stock and sector composition. The large-cap FTSE 100 Index outperformed given its value bias, and the heavy weighting of defensive sectors, resources companies and US Dollar earners. Meanwhile the small and mid-cap indices lagged as a result of domestic and consumer facing businesses struggling against the back drop of the cost of living crisis.

The Company's NAV fell by 15.4% during the first half of the year, underperforming the benchmark which fell by 11.1%.

While six months is a relatively short-term time horizon for a long-term investor, any period of underperformance is clearly disappointing. It is in the nature of investing in smaller companies that we will make some mistakes and that not all companies will deliver on expectations. Notwithstanding this, over the last six months a number of the largest detractors from performance have in fact continued to trade well and deliver against their

long-term strategies albeit – counter-intuitively – this has not been reflected in valuations which have remained weak (in some cases to the same degree as the companies that have disappointed).

Watches of Switzerland, for example has been aggressively sold off on concerns around the consumer outlook. We believe this fall in the share price is unjustified as we do not see the 'cost of living' crisis as a particularly acute problem for high end luxury watches. Indeed, the most critical issue facing the company is availability of supply, with the current shortages resulting in longer waiting lists (now stretching into years for many of the most popular pieces).

Impax Asset Management (Impax), similarly, has seen asset values fall, resulting in city analysts downgrading forecasts as they mark strategy assets to market. Importantly despite these incredibly challenging conditions Impax continues to see net inflows reflecting the long-term strength of their franchise and their ability to continue to increase market share. **Gamma Communications** is another share that has been weak through the period, despite upgrades to guidance. The result is a halving of the price-to-earnings ratio (into the low teens), which we feel is inappropriate for a well-capitalised business that has continued to grow earnings year-on-year and with 95% of revenues recurring.

However in addition to these holdings where we feel that the share price is not reflective of the underlying company fundamentals, there will always be some stock specific disappointments. One to highlight in the period under review was the ingredients manufacturer **Treatt**. The company warned that profits for the full year would be approximately 30% lower than guidance as a result of rising costs, slowing demand for flavoured iced tea in the US and the weaker pound. While disappointing in the short-term, the company believes that demand across all categories and geographies remains strong

and it has offset rising input costs with price increases, although the long-term nature of its contracts with customers mean that these rises are not immediate. We have subsequently reduced the allocation within the portfolio but maintain a holding.

With the outlook for companies across multiple industries and markets increasingly uncertain, discretionary areas such as corporate marketing spend could come under pressure. However, for **4imprint Group**, a US supplier of promotional products, this was not the case. The shares rallied in response to large upgrades on the back of significant growth in both order volumes and values. The company is the largest player in the enormous US market, although with less than 6% market share we believe that the positive momentum could continue as their own marketing activities are stimulating growth. The sharp rise in the oil price during the year has created a positive tailwind for the Energy sector, although typically this is an area that we struggle to find companies to invest in that meet our quality criteria. However, where we do have exposure, our holdings have performed well. Examples of this include **Hunting** which reported strong revenue growth for the first half of the year with a positive outlook, **Serica Energy** which produces gas in the North Sea and **Gulf Keystone Petroleum**.

As stated in previous reports, our portfolio construction is a result of stock specific investment analysis; however this can translate into certain sector exposures. As we had at the tail-end of the previous financial year, we have continued to reduce our exposure to consumer related stocks given the ongoing challenges these businesses face. Pubs and restaurants are seeing huge cost pressures from wages, energy and ingredients, with further top line pressure likely to come through as consumers tighten their belts. Where we have tried to maintain Consumer exposure it has been concentrated in companies where we see strong structural trends and high levels of repeat ordering. Pet spend is one such

We are focusing on bottom-up company specific analysis to identify high quality, nimble businesses, operated by entrepreneurial management teams, with strong market positions and resilient cash-flows.

area as exemplified by our holdings in **CVS Group** and **Pets at Home**. We have added to our Energy exposure through **Serica Energy, Diversified Oil & Gas**, and **Gulf Keystone Petroleum**, all businesses with producing assets and significant cashflows. While we came into the year confident on the outlook for corporate spending on the whole, we have slightly moderated this view in recent weeks as we believe that the interest rate cycle has been pushed to a point where companies might hold back on investing given the rising cost of capital and uncertainty over the short-term demand outlook. We are focusing on bottom-up company specific analysis to identify high quality, nimble businesses, operated by entrepreneurial management teams, with strong market positions and resilient cash-flows.

Outlook

The first half of the year has been a torrid period for small and mid-caps, with brief rallies only temporarily providing respite from the risk-off mentality that has defined the period. The upcoming months are unlikely to provide much clarity, with heightened volatility driven by both domestic and international issues, including the path of monetary policy, inflation, the oil price and geopolitics. We have therefore reduced the number of holdings in the portfolio to manage overall portfolio risk and have also reduced gearing. While the macro environment is likely to present its fair share of challenges for lots of companies, it is important to remember that the effects of the environment will not be felt evenly. We are therefore sticking to our core beliefs and focusing on bottom-up company specific analysis to identify high quality, nimble businesses, operated by entrepreneurial management teams, with strong market positions and resilient cash-flows. These are the types of businesses that we believe will be best placed to manage and thrive in

the current environment. Historically periods of volatility have been followed by strong returns for the strategy as individual stocks become over sold and present excellent investment opportunities for active investors. While the small and mid-cap market has been heavily penalised during the year, we take comfort from the unusual volume of share buybacks we are witnessing as management teams retire their equity at current valuations, and furthermore the scale of M&A activity that we are witnessing in the UK market as strategic buyers take advantage of the depressed valuations and discount offered from weakness in sterling. We thank shareholders for their ongoing support.

Roland Arnold

BlackRock Investment Management
(UK) Limited
3 November 2022

Twenty largest investments

as at 31 August 2022

Company	Business activity	Market value £'000	% of total portfolio
4imprint Group	Promotional merchandise in the US	22,515	3.1
CVS Group	Operator of veterinary surgeries	21,713	2.9
Gamma Communications	Provider of communication services to UK businesses	18,846	2.6
Watches of Switzerland	Retailer of luxury watches	15,445	2.1
Bloomsbury Publishing	Publisher of fiction and non-fiction	15,351	2.1
QinetiQ Group	British multi-national defence technology company	15,086	2.0
Auction Technology Group	Operator of marketplaces for curated online auctions	14,138	1.9
Spirent Communications	Multinational telecommunications testing	13,921	1.9
Oxford Instruments	Designer and manufacturer of tools and systems for industry and scientific research	13,900	1.9
Ergomed	Provider of pharmaceuticals services	13,664	1.8
DiscoverIE	Specialist components for electronics applications	13,035	1.8
Serica Energy	Gas and oil exploration and production company	12,960	1.8
Breedon	UK construction materials	12,903	1.8
YouGov	International online research data and analysis group	12,722	1.7
Robert Walters	Recruitment services	12,549	1.7
Workspace Group	Supply of flexible workspace to businesses in London	12,244	1.7
Baltic Classifieds Group	Operator of online classified businesses in the Baltics	11,508	1.6
Restore	Records management business	11,137	1.5
Impax Asset Management	Asset management	11,039	1.5
Next Fifteen Communications	Digital communication products and services	10,866	1.5
Twenty largest investments		285,542	38.9
Remaining investments		449,417	61.1
Total		734,959	100.0

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

Portfolio holdings in excess of 3% of issued share capital

At 31 August 2022, the Company did not hold any equity investments comprising more than 3% of any company's share capital other than as disclosed in the table below:

Security	% of share capital held
Longboat Energy	5.24
Kitwave Group	5.07
City Pub Group	4.91
Tatton Asset Management	4.61
Bloomsbury Publishing	4.48
Ten Entertainment Group	4.47
Everyman Media GP	4.35
The Pebble Group	4.34
Distribution Finance Capital Holdings	4.16
Fuller Smith & Turner - A Shares	3.44
Mercia Asset Management	3.43
Robert Walters	3.23
Animalcare Group	3.16
Trifast	3.01

Investment exposure

as at 31 August 2022

Interim Management Report and Responsibility Statement

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

Principal risks and uncertainties

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

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

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 28 February 2022. A detailed explanation can be found in the Strategic Report on pages 32 to 34 and note 17 on pages 94 to 101 of the Annual Report and Financial Statements which is available on the website maintained by BlackRock at www.blackrock.com/uk/brsc.

The Directors have assessed the impact of market conditions arising from the COVID-19 outbreak on the Company's ability to meet its investment objective. Based on the latest available information, the Company continues to be managed in line with its investment objective, with no disruption to the operations of the Company and the publication of its net asset values.

Certain financial markets have been volatile through the financial period due primarily to geopolitical tensions arising from Russia's invasion of Ukraine and the impact of the subsequent range of sanctions, regulations and other measures which impaired normal trading in Russian securities and contributed to inflationary pressures globally through higher energy prices.

In the view of the Board, other than those matters noted above, there have not been any material changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties, as summarised, are as applicable to the remaining six months of the financial year as they were to the six months under review. The Board recognises the benefits of a closed-end structure in extremely volatile markets. Unlike open-ended counterparts,

closed-end funds are not obliged to sell down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of the closed-end structure to remain invested for the long term enables the Portfolio Manager to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves.

Going concern

The Board remains mindful of the ongoing uncertainty surrounding the potential duration of the COVID-19 pandemic and its longer-term effects on the global economy and the current heightened geopolitical risk. Nevertheless, the Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. The Company has in place a range of borrowings (the majority of which are represented by long-term fixed rate debt) and debt facilities (details of which are set out on pages 22 and 23) and despite the market volatility seen over the period under review, the Company has remained compliant with all financial covenants and has maintained ample headroom above the relevant thresholds throughout the period under review. Ongoing charges (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items) for the year ended 28 February 2022 were approximately 0.7% of net assets. Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Related party disclosure and transactions with the AIFM and Investment Manager

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and marketing fees payable are set out in notes 4 and 5 respectively on page 20 and note 14 on pages 25 and 26. The related party transactions with the Directors are set out in note 15 on page 26.

Directors' Responsibility Statement

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

The Directors confirm to the best of their knowledge that:

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

The half yearly financial report has not been audited or reviewed by the Company's Auditor.

The half yearly financial report was approved by the Board on 3 November 2022 and the above Responsibility Statement was signed on its behalf by the Chairman.



Ronald Gould

for and on behalf of the Board

3 November 2022

Income Statement

for the six months ended 31 August 2022

		Six months ended 31 August 2022 (unaudited)			Six months ended 31 August 2021 (unaudited)			Year ended 28 February 2022 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss		-	(165,111)	(165,111)	-	244,736	244,736	-	51,824	51,824
Gains/(losses) on foreign exchange		-	12	12	-	4	4	-	(3)	(3)
Income from investments held at fair value through profit or loss	3	13,371	-	13,371	11,399	-	11,399	20,351	-	20,351
Other income	3	368	-	368	2	-	2	34	-	34
Total income		13,739	(165,099)	(151,360)	11,401	244,740	256,141	20,385	51,821	72,206
Expenses										
Investment management fee	4	(638)	(1,915)	(2,553)	(817)	(2,452)	(3,269)	(1,571)	(4,714)	(6,285)
Operating expenses	5	(436)	(12)	(448)	(420)	(14)	(434)	(746)	(17)	(763)
Total operating expenses		(1,074)	(1,927)	(3,001)	(1,237)	(2,466)	(3,703)	(2,317)	(4,731)	(7,048)
Net profit/(loss) on ordinary activities before finance costs and taxation		12,665	(167,026)	(154,361)	10,164	242,274	252,438	18,068	47,090	65,158
Finance costs	6	(356)	(1,067)	(1,423)	(333)	(999)	(1,332)	(729)	(2,184)	(2,913)
Net profit/(loss) on ordinary activities before taxation		12,309	(168,093)	(155,784)	9,831	241,275	251,106	17,339	44,906	62,245
Taxation		(66)	-	(66)	(43)	-	(43)	(105)	-	(105)
Net profit/(loss) on ordinary activities after taxation		12,243	(168,093)	(155,850)	9,788	241,275	251,063	17,234	44,906	62,140
Earnings/(loss) per ordinary share (pence)	8	25.07	(344.24)	(319.17)	20.05	494.11	514.16	35.29	91.97	127.26

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

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

The notes on pages 19 to 26 form part of these financial statements.

Statement of Changes in Equity

for the six months ended 31 August 2022

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the six months ended 31 August 2022 (unaudited)						
At 28 February 2022	12,498	51,980	1,982	834,185	16,433	917,078
Total comprehensive (loss)/income:						
Net (loss)/profit for the period	–	–	–	(168,093)	12,243	(155,850)
Transactions with owners, recorded directly to equity:						
Dividends paid ¹	–	–	–	–	(10,743)	(10,743)
At 31 August 2022	12,498	51,980	1,982	666,092	17,933	750,485
For the six months ended 31 August 2021 (unaudited)						
At 28 February 2021	12,498	51,980	1,982	789,279	15,557	871,296
Total comprehensive income:						
Net profit for the period	–	–	–	241,275	9,788	251,063
Transactions with owners, recorded directly to equity:						
Dividends paid ²	–	–	–	–	(10,010)	(10,010)
At 31 August 2021	12,498	51,980	1,982	1,030,554	15,335	1,112,349
For the year ended 28 February 2022 (audited)						
At 28 February 2021	12,498	51,980	1,982	789,279	15,557	871,296
Total comprehensive income:						
Net profit for the year	–	–	–	44,906	17,234	62,140
Transactions with owners, recorded directly to equity:						
Dividends paid ³	–	–	–	–	(16,358)	(16,358)
At 28 February 2022	12,498	51,980	1,982	834,185	16,433	917,078

¹ Final dividend paid in respect of the year ended 28 February 2022 of 22.00p was declared on 29 April 2022 and paid on 17 June 2022.

² Final dividend paid in respect of the year ended 28 February 2021 of 20.50p was declared on 7 May 2021 and paid on 18 June 2021.

³ Interim dividend paid in respect of the year ended 28 February 2022 of 13.00p was declared on 2 November 2021 and paid on 2 December 2021. Final dividend paid in respect of the year ended 28 February 2021 of 20.50p was declared on 7 May 2021 and paid on 18 June 2021.

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

The notes on pages 19 to 26 form part of these financial statements.

Balance Sheet

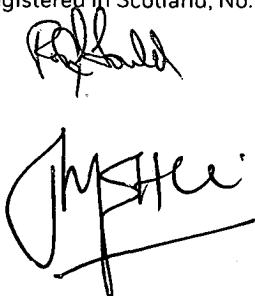
as at 31 August 2022

	Notes	31 August 2022 (unaudited) £'000	31 August 2021 (unaudited) £'000	28 February 2022 (audited) £'000
Fixed assets				
Investments held at fair value through profit or loss	13	734,959	1,189,518	956,429
Current assets				
Current tax assets		78	66	91
Debtors		4,173	1,334	6,665
Cash and cash equivalents		85,189	20,776	72,479
Total current assets		89,440	22,176	79,235
Creditors – amounts falling due within one year				
Other creditors		(4,423)	(19,711)	(49,127)
Net current assets		85,017	2,465	30,108
Total assets less current liabilities		819,976	1,191,983	986,537
Creditors – amounts falling due after more than one year	9, 10	(69,491)	(79,634)	(69,459)
Net assets		750,485	1,112,349	917,078
Capital and reserves				
Called up share capital	11	12,498	12,498	12,498
Share premium account		51,980	51,980	51,980
Capital redemption reserve		1,982	1,982	1,982
Capital reserves		666,092	1,030,554	834,185
Revenue reserve		17,933	15,335	16,433
Total shareholders' funds	8	750,485	1,112,349	917,078
Net asset value per ordinary share (debt at par value) (pence)	8	1,536.94	2,278.01	1,878.11
Net asset value per ordinary share (debt at fair value) (pence)	8	1,572.01	2,266.31	1,882.38

The financial statements on pages 15 to 26 were approved and authorised for issue by the Board of Directors on 3 November 2022 and signed on its behalf by Ronald Gould, Chairman and Mark Little, Director and Audit Committee Chairman.

BlackRock Smaller Companies Trust plc

Registered in Scotland, No. 006176



The notes on pages 19 to 26 form part of these financial statements.

Statement of Cash Flows

for the six months ended 31 August 2022

	Six months ended 31 August 2022 (unaudited) £'000	Six months ended 31 August 2021 (unaudited) £'000	Year ended 28 February 2022 (audited) £'000
Operating activities			
Net (loss)/profit on ordinary activities before taxation	(155,784)	251,106	62,245
Add back finance costs	1,423	1,332	2,913
Losses/(gains) on investments held at fair value through profit or loss	165,111	(244,736)	(51,824)
Net movement in foreign exchange	(12)	(4)	3
Sales of investments held at fair value through profit or loss	178,013	231,051	475,565
Purchases of investments held at fair value through profit or loss	(120,867)	(223,973)	(431,313)
Increase in debtors	(629)	(438)	(100)
(Decrease)/increase in creditors	(2,269)	623	2,070
Taxation on investment income	(66)	(43)	(105)
Net cash generated from operating activities	64,920	14,918	59,454
Financing activities			
Redemption of 7.75% debenture	(15,000)	-	-
Proceeds from 2.47% loan note issue	-	-	25,000
Issue costs of loan note	-	-	(188)
(Repayment)/drawdown of SMBC Bank International plc revolving credit facility	(25,000)	5,000	(5,000)
Interest paid	(1,479)	(1,285)	(2,575)
Dividends paid	(10,743)	(10,010)	(16,358)
Net cash (used in)/generated from financing activities	(52,222)	(6,295)	879
Increase in cash and cash equivalents	12,698	8,623	60,333
Cash and cash equivalents at beginning of the period/year	72,479	12,149	12,149
Effect of foreign exchange rate changes	12	4	(3)
Cash and cash equivalents at end of period/year	85,189	20,776	72,479
Comprised of:			
Cash at bank	8,826	2,226	3,123
Cash Fund*	76,363	18,550	69,356
	85,189	20,776	72,479

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

The notes on pages 19 to 26 form part of these financial statements.

Notes to the Financial Statements

for the six months ended 31 August 2022

1. Principal activity

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

2. Basis of preparation

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

The accounting policies and estimation techniques applied for the condensed set of financial statements are as set out in the Company's Annual Report and Financial Statements for the year ended 28 February 2022.

3. Income

	Six months ended 31 August 2022 (unaudited) £'000	Six months ended 31 August 2021 (unaudited) £'000	Year ended 28 February 2022 (audited) £'000
Investment income¹:			
UK dividends	9,347	8,180	13,376
UK special dividends	210	682	881
Property income dividends	571	440	624
Overseas dividends	2,526	1,555	4,928
Overseas special dividends	717	542	542
Total investment income	13,371	11,399	20,351
Other income:			
Bank interest	4	–	–
Interest from Cash Fund	364	2	34
	368	2	34
Total income	13,739	11,401	20,385

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

No special dividends have been recognised in capital during the period ended 31 August 2022 (six months ended 31 August 2021: £nil; year ended 28 February 2022: £nil).

Dividends and interest received in cash in the period amounted to £12,760,000 and £282,000 (six months ended 31 August 2021: £11,019,000 and £2,000; year ended 28 February 2022: £20,116,000 and £18,000).

Notes to the Financial Statements

continued

4. Investment management fee

	Six months ended 31 August 2022 (unaudited)			Six months ended 31 August 2021 (unaudited)			Year ended 28 February 2022 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	638	1,915	2,553	817	2,452	3,269	1,571	4,714	6,285
Total	638	1,915	2,553	817	2,452	3,269	1,571	4,714	6,285

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

5. Operating expenses

	Six months ended 31 August 2022 (unaudited) £'000	Six months ended 31 August 2021 (unaudited) £'000	Year ended 28 February 2022 (audited) £'000
Allocated to revenue:			
Custody fees	5	6	13
Depository fees	52	56	115
Auditor's remuneration:			
– audit services	23	23	45
– non-audit services ¹	–	4	4
Registrar's fee	21	26	47
Directors' emoluments	90	78	159
Director search fees	–	20	17
Marketing fees	109	68	125
AIC fees	11	13	11
Bank charges	28	24	10
Broker fees	18	22	40
Stock exchange listings	27	13	26
Printing and postage fees	16	20	34
Legal fees	6	11	22
Write back of prior year expenses ²	(23)	–	–
Other administrative costs	53	36	78
	436	420	746
Allocated to capital:			
Custody transaction charges ³	12	14	17
	448	434	763

¹ Additional fees of £nil (six months ended 31 August 2021: £3,500; year ended 28 February 2022: £3,500) excluding VAT were incurred for non-audit services relating to the debenture compliance work carried out by the Auditors.

² Relates to prior year accrual for legal fees and Directors' expenses written back during the six month period ended 31 August 2022.

³ For the six month period ended 31 August 2022, expenses of £12,000 (six months ended 31 August 2021: £14,000; year ended 28 February 2022: £17,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

The direct transaction costs incurred on the acquisition of investments amounted to £427,000 for the six months ended 31 August 2022 (six months ended 31 August 2021: £586,000; year ended 28 February 2022: £1,295,000). Costs relating to the disposal of investments amounted to £142,000 for the six months ended 31 August 2022 (six months ended 31 August 2021: £157,000; year ended 28 February 2022: £342,000). All direct transaction costs have been included within capital reserves.

6. Finance costs

	Six months ended 31 August 2022 (unaudited)			Six months ended 31 August 2021 (unaudited)			Year ended 28 February 2022 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on 7.75% debenture stock 2022	120	360	480	147	441	588	294	881	1,175
Interest on 2.74% loan note 2037	87	260	347	87	260	347	173	518	691
Interest on 2.41% loan note 2044	60	182	242	60	182	242	121	362	483
Interest on 2.47% loan note 2046	76	228	304	–	–	–	70	211	281
Interest on bank loan	8	23	31	34	104	138	60	182	242
7.75% Amortised debenture stock issue expenses	1	4	5	2	5	7	4	12	16
2.74% Amortised loan note issue expenses	2	5	7	2	5	7	4	10	14
2.41% Amortised loan note issue expenses	1	2	3	1	2	3	2	5	7
2.47% Amortised loan note issue expenses	1	3	4	–	–	–	1	3	4
Total	356	1,067	1,423	333	999	1,332	729	2,184	2,913

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

7. Dividends

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

The Board has declared an interim dividend of 14.50p per share (2021: 13.00p per share), payable on 9 December 2022 to shareholders on the Company's register as at 11 November 2022; the ex dividend date is 10 November 2022. The total cost of this dividend, based on 48,829,792 shares in issue at 1 November 2022, is £7,080,000 (2021: £6,348,000).

8. Returns and net asset value per share

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

	Six months ended 31 August 2022 (unaudited)	Six months ended 31 August 2021 (unaudited)	Year ended 28 February 2022 (audited)
Revenue return attributable to ordinary shareholders (£'000)	12,243	9,788	17,234
Capital (loss)/return attributable to ordinary shareholders (£'000)	(168,093)	241,275	44,906
Total (loss)/profit attributable to ordinary shareholders (£'000)	(155,850)	251,063	62,140
Equity shareholders' funds (£'000)	750,485	1,112,349	917,078
The weighted average number of ordinary shares in issue during the period on which the return per ordinary share was calculated was:	48,829,792	48,829,792	48,829,792
The actual number of ordinary shares in issue at the end of each period on which the undiluted net asset value was calculated was:	48,829,792	48,829,792	48,829,792
Earnings per share			
Revenue return per share (pence) – basic and diluted	25.07	20.05	35.29
Capital (loss)/return per share (pence) – basic and diluted	(344.24)	494.11	91.97
Total (loss)/return per share (pence) – basic and diluted	(319.17)	514.16	127.26

Notes to the Financial Statements

continued

8. Returns and net asset value per share continued

	As at 31 August 2022 (unaudited)	As at 31 August 2021 (unaudited)	As at 28 February 2022 (audited)
Net asset value per ordinary share (debt at par value) (pence)	1,536.94	2,278.01	1,878.11
Net asset value per ordinary share (debt at fair value) (pence)	1,572.01	2,266.31	1,882.38
Ordinary share price (pence)	1,344.00	2,150.00	1,684.00

9. Borrowings

	Six months ended 31 August 2022 (unaudited) £'000	Six months ended 31 August 2021 (unaudited) £'000	Year ended 28 February 2022 (audited) £'000
Amounts falling due after more than one year			
2.74% loan note 2037	25,000	25,000	25,000
Unamortised loan note issue expenses	(203)	(217)	(210)
	24,797	24,783	24,790
2.41% loan note 2044	20,000	20,000	20,000
Unamortised loan note issue expenses	(143)	(149)	(146)
	19,857	19,851	19,854
2.47% loan note 2046	25,000	–	25,000
Unamortised loan note issue expenses	(163)	–	(185)
	24,837	–	24,815
Revolving loan facility – SMBC Bank International plc	–	35,000	–
Total amounts falling due after more than one year	69,491	79,634	69,459
Amounts falling due within one year			
7.75% debenture stock 2022	–	15,000	15,000
Unamortised debenture stock issue expenses	–	(12)	(5)
	–	14,988	14,995
Revolving loan facility – SMBC Bank International plc	–	–	25,000
Total amounts falling due within one year	–	14,988	39,995
Total borrowings	69,491	94,622	109,454

The 7.75% debenture stock was redeemed at maturity on 31 July 2022. The fair value of the 7.75% debenture stock 2022 using the last available quoted offer price from the London Stock Exchange as at 31 August 2021 and 28 February 2022 was 118.00p and 113.00p per debenture respectively, a total of £17,700,000 as at 31 August 2021 and £16,950,000 as at 28 February 2022. The fair value of the 2.74% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2022 equated to a valuation of 82.80p per note (31 August 2021: 107.80p; 28 February 2022: 99.14p), a total of £20,700,000 (31 August 2021: £26,950,000; 28 February 2022: £24,785,000). The fair value of the 2.41% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2022 equated to a valuation of 72.74p per note (31 August 2021: 103.43p; 28 February 2022: 92.99p), a total of £15,548,000 (31 August 2021: £20,686,000; 28 February 2022: £18,598,000). The fair value of the 2.47% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2022 equated to a valuation of 68.48p per note (31 August 2021: n/a; 28 February 2022: 88.15p), a total of £17,120,000 (31 August 2021: n/a; 28 February 2022: £22,038,000).

The £15 million debenture stock was issued on 8 July 1997. Interest on the stock was payable in equal half yearly instalments on 31 July and 31 January in each year. The stock was secured by a first floating charge over the whole of the assets of the Company and was redeemed at par on 31 July 2022.

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

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

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

The Company has in place a £35 million three year multi-currency revolving loan facility with SMBC Bank International plc. As at 31 August 2022, and over the period under review, the facility was not utilised (31 August 2021: £35 million; 28 February 2022: £25 million). Under the agreement, the termination date of this facility is the third anniversary of the effective date being 25 November 2022. Interest on this facility is reset every three months and is currently charged at the Sterling Overnight Index Average rate (SONIA) plus a credit adjustment spread of 0.0326% for one month borrowings and 0.1193% for three month borrowings.

The Company also has available an uncommitted overdraft facility of £25 million with The Bank of New York Mellon (International) Limited (BNYM), of which £nil had been utilised at 31 August 2022 (31 August 2021: £nil; 28 February 2022: £nil).

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

10. Reconciliation of liabilities arising from financing activities

	Six months ended 31 August 2022 (unaudited) £'000	Six months ended 31 August 2021 (unaudited) £'000	Year ended 28 February 2022 (audited) £'000
Debt arising from financing activities:			
Debt arising from financing activities at beginning of the period/year	109,454	89,604	89,604
Cash flows:			
(Repayment)/drawdown of SMBC Bank International plc revolving credit facility	(25,000)	5,000	(5,000)
Redemption of 7.75% debenture	(15,000)	–	–
Issue of 2.47% loan note 2046	–	–	25,000
Payment of 2.47% loan note issue expenses	–	–	(188)
Non-cash flows:			
Amortisation of debenture and loan note issue expenses	37	18	38
Debt arising from financing activities at end of the period/year	69,491	94,622	109,454

11. Called up share capital

	Ordinary shares in issue (number)	Treasury shares (number)	Total shares (number)	Nominal Value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 25p each				
At 28 February 2022	48,829,792	1,163,731	49,993,523	12,498
At 31 August 2022	48,829,792	1,163,731	49,993,523	12,498

During the period ended 31 August 2022, the Company has not bought back or issued any shares to or from treasury (six months ended 31 August 2021: nil; year ended 28 February 2022: nil).

Since 31 August 2022 and up to the latest practicable date of 1 November 2022, no shares have been bought back or reissued to or from treasury.

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

Notes to the Financial Statements

continued

12. Reserves

The share premium account and capital redemption reserve are not distributable profits under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserves may be used as distributable profits for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, the capital reserves and the revenue reserve may be distributed by way of dividend. The gain on capital reserve arising on the revaluation of investments of £19,241,000 (31 August 2021: gain of £447,085,000; 28 February 2022: gain of £192,527,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks; as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

13. Valuation of financial instruments

Market risk arising from price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change or other events could have a significant impact on the Company and its investments.

Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 85 of the Annual Report and Financial Statements for the year ended 28 February 2022.

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

The fair value hierarchy has the following levels:

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

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

Level 2 – Valuation techniques using observable inputs

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

Level 3 – Valuation techniques using significant unobservable inputs

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

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

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

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

Fair values of financial assets and financial liabilities

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

Financial assets at fair value through profit or loss at 31 August 2022 (unaudited)

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	734,959	–	–	734,959
Total	734,959	–	–	734,959

Financial assets at fair value through profit or loss at 31 August 2021 (unaudited)

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	1,189,518	–	–	1,189,518
Total	1,189,518	–	–	1,189,518

Financial assets at fair value through profit or loss at 28 February 2022 (audited)

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	956,429	–	–	956,429
Total	956,429	–	–	956,429

There were no transfers between levels for financial assets during the period recorded at fair value as at 31 August 2022, 31 August 2021 and 28 February 2022. The Company did not hold any Level 3 securities throughout the six month period or as at 31 August 2022 (31 August 2021: nil; 28 February 2022: nil).

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

14. Transactions with the Manager and the Investment Manager

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed on page 49 of the Directors' Report in the Company's Annual Report and Financial Statements for the year ended 28 February 2022.

The investment management fee payable for the six months ended 31 August 2022 amounted to £2,553,000 (six months ended 31 August 2021: £3,269,000; year ended 28 February 2022: £6,285,000). At the period end, £2,553,000 was outstanding in respect of the management fee (31 August 2021: £3,269,000; 28 February 2022: £4,714,000).

In addition to the above services, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the period ended 31 August 2022 amounted to £109,000 including VAT (six months ended 31 August 2021: £68,000; year ended 28 February 2022: £125,000). Marketing fees of £76,000 were outstanding at 31 August 2022 (31 August 2021: £76,000; 28 February 2022: £132,000).

Notes to the Financial Statements

continued

14. Transactions with the Manager and the Investment Manager continued

As of 31 August 2022, an amount of £114,000 (31 August 2021: £103,000; 28 February 2022: £102,000) was payable to the Manager in respect of Directors' fees.

The Company has an investment in the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund of £76,363,000 as at 31 August 2022 (31 August 2021: £18,550,000; 28 February 2022: £69,356,000).

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

15. Related party disclosure

Directors' emoluments

As at 31 August 2022, the Board consisted of five non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £44,500, the Audit Committee Chairman receives an annual fee of £34,000, the Senior Independent Director receives a fee of £31,000 and each of the other Directors receives an annual fee of £30,000.

As at 31 August 2022, an amount of £14,000 (31 August 2021: £14,000; 28 February 2022: £13,000) was outstanding in respect of Directors' fees.

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

	Ordinary shares 1 November 2022	Ordinary shares 31 August 2022
Ronald Gould (Chairman)	2,544	2,544
Susan Platts-Martin	2,800	2,800
Mark Little	491	491
James Barnes	1,000	1,000
Helen Sinclair ¹	988	988

¹ Ms Sinclair joined the Board on 1 March 2022.

16. Contingent liabilities

There were no contingent liabilities at 31 August 2022, 31 August 2021 or 28 February 2022.

17. Publication of non-statutory accounts

The financial information contained in this half yearly financial report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 31 August 2022 and 31 August 2021 has not been audited, or reviewed, by the Company's auditors.

The information for the year ended 28 February 2022 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor in those financial statements contained no qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

18. Annual results

The Board expects to announce the annual results for the year ending 28 February 2023 in early May 2023.

Copies of the results announcement can be obtained from the Secretary on 020 7743 3000 or at cosec@blackrock.com. The Annual Report should be available by the beginning of May 2023 with the Annual General Meeting being held in June 2023.

Management and other service providers

Directors

Ronald Gould (Chairman)
James Barnes
Mark Little (Chairman of the Audit Committee)
Susan Platts-Martin (Senior Independent Director)
Helen Sinclair

Registered Office

(Registered in Scotland, No. 006176)
Exchange Place One
1 Semple Street
Edinburgh EH3 8BL

Investment Manager And Company Secretary

BlackRock Investment Management (UK) Limited¹
12 Throgmorton Avenue
London EC2N 2DL
Email: cosec@blackrock.com

Alternative Investment Fund Manager

BlackRock Fund Managers Limited¹
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Depository

The Bank of New York Mellon (International) Limited¹
160 Queen Victoria Street
London EC4V 4LA

Registrar

Computershare Investor Services PLC¹
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1649

Stockbroker

Investec Bank plc¹
30 Gresham Street
London EC2V 7QP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

¹ Authorised and regulated by the Financial Conduct Authority.

Shareholder information

Financial calendar

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

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

Interim dividend

The interim dividend in respect of the year ending 28 February 2023 is 14.50p per share.

Ex-dividend date (shares transferred without the dividend)	10 November 2022
Record date (last date for registering transfers to receive the dividend)	11 November 2022
Last date for registering DRIP instructions	18 November 2022
Dividend payment date	9 December 2022

Payment of dividends

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

Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website investorcentre.co.uk, or on 0370 707 1649. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 18 November 2022.

Share price

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

ISIN/SEDOL numbers

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

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

Share dealing

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

CREST

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

Electronic communications

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

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

Risk factors

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

Nominee code

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

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

Publication of net asset value/portfolio analysis

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

Online access

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

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

- **Holding enquiry** – view balances, values, history, payments and reinvestments.
- **Payments enquiry** – view your dividends and other payment types.
- **Address change** – change your registered address.
- **Bank details update** – choose to receive your dividend payment directly into your bank account instead of by cheque.
- **Outstanding payments** – reissue payments using the online replacement service.
- **Downloadable forms** – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Dividend tax allowance

From April 2018, the annual tax-free allowance on dividend income across an individual's entire share portfolio is £2,000.

Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company continues to provide registered shareholders with a confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a Financial Adviser.

Individual savings accounts ("ISA")

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within a stocks and shares Individual Savings Account. In the 2022/2023 tax year investors will be able to invest up to £20,000 either as cash or shares.

Shareholder information

continued

Shareholder enquiries

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

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

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

General enquiries

Enquiries about the Company should be directed to:

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

Glossary

Alternative Performance Measure (“APM”)

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

Closed-end company

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

Discount and Premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV (debt at fair value) and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 31 August 2022, the share price was 1,344.00p (31 August 2021: 2,150.00p; 28 February 2022: 1,684.00p) and the NAV (debt at fair value) was 1,572.01p (31 August 2021: 2,266.31p; 28 February 2022: 1,882.38p) therefore the discount was 14.5% (31 August 2021: 5.1%; 28 February 2022: 10.5%). Please see note 8 of the financial statements on pages 21 and 22 for the inputs to the calculation.

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

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

Average share price	Average NAV (debt at fair value)	Average discount
1,472.82p	1,706.93p	13.7%

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

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

Gearing*

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

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

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

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

		31 August 2022 £'000 (unaudited)	31 August 2021 £'000 (unaudited)	28 February 2022 £'000 (audited)	
Net gearing calculation	Page				
Net assets	17	750,485	1,112,349	917,078	(a)
Borrowings	17	69,491	94,622	109,454	(b)
Total assets (a + b)		819,976	1,206,971	1,026,532	(c)
Current assets ¹	17	89,440	22,176	79,235	(d)
Current liabilities (excluding borrowings)	17	(4,423)	(4,723)	(9,132)	(e)
Cash and cash equivalents (d + e)		85,017	17,453	70,103	(f)
Net gearing figure (g = (b - f) / a) (%)		nil	6.9%	4.3%	(g)

¹ Includes cash at bank and the Company's investment in BlackRock's Institutional Cash Series plc - Sterling Liquid Environmentally Aware Fund.

* Alternative Performance Measures

Glossary

continued

Leverage

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

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

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

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

Net asset value per share (NAV)

This is the value of the Company’s assets attributable to one ordinary share. It is calculated by dividing total shareholders’ funds by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 August 2022, shareholders’ funds were worth £750,485,000 (debt at par value) (31 August 2021: £1,112,349,000; 28 February 2022: £917,078,000) and £767,608,000 (debt at

fair value) (31 August 2021: £1,106,635,000; 28 February 2022: £919,161,000 and there were 48,829,792 ordinary shares in issue (excluding treasury shares); the NAV per share was therefore 1,536.94p per share (debt at par value) (31 August 2021: 2,278.01p; 28 February 2022: 1,878.11p) and 1,572.01p per share (debt at fair value) (31 August 2021: 2,266.31p; 28 February 2022: 1,882.38p). Shareholders’ funds are calculated by deducting the Company’s current and long-term liabilities and any provision for liabilities and charges from its total assets.

Net asset value per share – debt at fair value

The Company has in issue a number of tranches of long term debt as described in detail on note 9 on pages 22 and 23. For accounting purposes and in accordance with UK GAAP, this debt is valued at par less amortised costs on the Company’s balance sheet. However, the fair value of this debt reflects instead the market price that investors would be willing to buy it for, which differs from the book value on the balance sheet.

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

The calculation of the Company’s NAV per share with debt at fair value is set out in the table on page 33.

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

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

NAV total return (Debt at par value)	Page	Six months to 31 August 2022 (unaudited)	Six months to 31 August 2021 (unaudited)	Year ended 28 February 2022 (audited)	
Closing NAV per share (pence)	22	1,536.94	2,278.01	1,878.11	
Add back interim and final dividends (pence)	16	22.00	20.50	33.50	
Effect of dividend reinvestment (pence)		(1.47)	2.58	(3.16)	
Adjusted closing NAV (pence)		1,557.47	2,301.09	1,908.45	(a)
Opening NAV per share (pence)	22	1,878.11	1,784.35	1,784.35	(b)
NAV total return (c = ((a - b)/b)) (%)		(17.1)	29.0	7.0	(c)

* Alternative Performance Measure

NAV total return (Debt at fair value)	Page	Six months to 31 August 2022 (unaudited)	Six months to 31 August 2021 (unaudited)	Year ended 28 February 2022 (audited)
Closing NAV per share (pence)	22	1,572.01	2,266.31	1,882.38
Add back interim and final dividends (pence)	16	22.00	20.50	33.50
Effect of dividend reinvestment (pence)		(1.13)	2.55	(2.97)
Adjusted closing NAV (pence)		1,592.88	2,289.36	1,912.91 (a)
Opening NAV per share (pence)	22	1,882.38	1,774.71	1,774.71 (b)
NAV total return (c = ((a - b)/b)) (%)		(15.4)	29.0	7.8 (c)

Share price total return	Page	Six months to 31 August 2022 (unaudited)	Six months to 31 August 2021 (unaudited)	Year ended 28 February 2022 (audited)
Closing share price (pence)	22	1,344.00	2,150.00	1,684.00
Add back interim and final dividends (pence)	16	22.00	20.50	33.50
Effect of dividend reinvestment (pence)		(0.54)	2.70	(4.23)
Adjusted closing share price (pence)		1,365.46	2,173.20	1,713.27 (a)
Opening share price (pence)	22	1,684.00	1,698.00	1,698.00 (b)
Share price total return (c = ((a - b)/b)) (%)		(18.9)	28.0	0.9 (c)

Net asset value per share with debt at fair value

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

	As at 31 August 2022		As at 31 August 2021		As at 28 February 2022	
	NAV ¹ per share (pence)	Shareholders' funds £'000	NAV ¹ per share (pence)	Shareholders' funds £'000	NAV ¹ per share (pence)	Shareholders' funds £'000
Net asset value (debt at par value)	1,536.94	750,485	2,278.01	1,112,349	1,878.11	917,078
Add back: 7.75% debenture stock 2022 - debt at par	-	-	30.69	14,988	30.71	14,995
Add back: 2.74% loan note 2037 - debt at par	50.78	24,797	50.76	24,783	50.77	24,790
Add back: 2.41% loan note 2044 - debt at par	40.67	19,857	40.65	19,851	40.66	19,854
Add back: 2.47% loan note 2046 - debt at par	50.86	24,837	-	-	50.82	24,815
Add back: revolving loan facility - SMBC Bank International plc	-	-	71.68	35,000	51.20	25,000
Less: 7.75% debenture stock 2022 - debt at fair value	-	-	(36.25)	(17,700)	(34.71)	(16,950)
Less: 2.74% loan note 2037 - debt at fair value	(42.39)	(20,700)	(55.19)	(26,950)	(50.76)	(24,785)
Less: 2.41% loan note 2044 - debt at fair value	(29.79)	(14,548)	(42.36)	(20,686)	(38.09)	(18,598)
Less: 2.47% loan note 2046 - debt at fair value	(35.06)	(17,120)	-	-	(45.13)	(22,038)
Less: revolving loan facility - SMBC Bank International plc	-	-	(71.68)	(35,000)	(51.20)	(25,000)
Net asset value (debt at fair value)	1,572.01	767,608	2,266.31	1,106,635	1,882.38	919,161

¹ Based on 48,829,792 ordinary shares in issue as at 31 August 2022 (31 August 2021: 48,829,792; 28 February 2022: 48,829,792).

Glossary

continued

Ongoing charges ratio*

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

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

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

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

Ongoing charges calculation	Page	28 February 2022 £'000 (audited)	28 February 2021 £'000 (audited)	
Management fee	20	6,285	4,781	
Other operating expenses	20	746	916	
Total management fee and other operating expenses		7,031	5,697	(a)
Average daily net assets in the year		1,015,584	715,764	(b)
Ongoing charges (c = a/b)		0.7%	0.8%	(c)

Quoted and unquoted securities

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

Revenue return and revenue reserves

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

Treasury shares

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

Yield*

The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include the price variations, distinguishing it from the total return.

	Page	31 August 2022	31 August 2021	28 February 2022	
Interim and final dividends paid/payable (pence) ¹	21	36.50	33.50	35.00	(a)
Ordinary share price (pence)		1,344.00	2,150.00	1,684.00	(b)
Yield (c = a/b) (%)		2.7	1.6	2.1	(c)

¹ Comprising dividends declared/paid for the twelve months to 31 August 2022, 31 August 2021 and 28 February 2022 respectively.

* Alternative Performance Measures

Share fraud warning

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