British Business Investments

Annual Report and Accounts 2022

Investing in recovery and growth across the UK

bbinv.co.uk

> “British Business Investments continued to support the UK economy throughout the pandemic and beyond, bolstering recovery and growth”

Francis Small – Chair

Contents

This is an interactive document

The contents above are interactive, allowing you to navigate through the documents sections. To return to the contents, click on the contents menu icon (☰) on the top right of each page.

Chair's report

Another strong performance

As the UK recovers from the pandemic, British Business Investments continues to deliver.

Supporting UK businesses

The purpose of British Business Investments is to increase the supply and diversity of alternative finance available to the UK's smaller businesses while also generating a commercial return for the UK taxpayer.

In this, my final report as Chair of British Business Investments, I am delighted to confirm that the company has once again made a strong contribution to the results of the British Business Bank Group and is performing well against its key objectives.

During financial year 2021/22, the UK economy continued to suffer from the effects of the Covid-19 pandemic, further exacerbated by rising geopolitical tensions.

British Business Investments continued to support the UK economy throughout the pandemic and beyond, bolstering recovery and growth.

I am pleased to confirm British Business Investments made new commitments of £350m in the past year, meaning that total commitments since inception in 2014 are approaching £3.4bn.

New mission statement: Improve access to alternative finance for smaller businesses across the whole of the UK, while supporting the UK's transition to a net zero economy and generating a return for the UK taxpayer.

We have also made a record volume of new commitments in 2021/22 – 20 in a single year – while also generating our strongest ever financial return in a single annual period, with profit before tax of £189.4m.

We are also supporting more than 24,000 smaller businesses and I am delighted to report that these are located across the whole of the UK.

An increasingly diversified portfolio

The portfolio we have built since the inception of British Business Investments in 2014 is highly diversified by asset class, by delivery partner, by sector and by geography. It also supports thousands of smaller businesses in all parts of the UK and has enabled us to consistently generate a profit for the UK taxpayer.

I am, therefore, tremendously proud of all that has been achieved, including the significant impact British Business Investments has had, and continues to have, in the alternative finance market for UK smaller businesses.

Our new mission

Post-year-end, the Board and investment team of British Business Investments have updated our mission to more overtly embrace the three themes of regionality, diversity and inclusion, and sustainability.

These three themes correlate with themes within the long-term strategic framework being adopted by the British Business Bank Group and are fully supported by the Board of British Business Investments as fundamental foundations, upon which future activity should be built.

£3.4bn

total commitments

Looking to the future

It has been a pleasure working with the team at British Business Investments over the past six years and, as I step down as Chair, I want to wish continued success to the whole team.

This includes Catherine Lewis La Torre, who will be my successor as Chair; Judith Hartley, who has recently been confirmed as the permanent CEO; Caroline Bault and Sue Douthwaite, the two new Non-executive Directors, who joined in February 2022, and the outstanding team of investment professionals working for the business on a day-to-day basis.

Between them, this is a highly skilled and experienced team and I have every confidence that under their guidance and care, British Business Investments will go from strength to strength, increasing support for UK smaller businesses and strengthening the UK small business finance ecosystem.

Francis Small
Chair

Chief Executive's statement

Investing for recovery and growth

British Business Investments is a 'through the cycle' investor, working tirelessly to ensure vital funding for recovery and growth continues to be available for the UK's smaller businesses.

Expanding our portfolio

During 2021/22, British Business Investments made 20 commitments, totalling £350m, to new and existing delivery partners, which is the highest volume of new deals we have ever delivered in a single financial year. These new commitments take the total number of investments in our portfolio to 96, and increases the number of our delivery partners to 60.

We typically invest on a pari passu basis alongside institutional and other investors, seeking a return commensurate with the commercial risk undertaken. Our funding helps to unlock additional capital for our delivery partners, and, during 2021/22, third parties have invested a further £1.2bn alongside us, to produce total funding of almost £1.6bn for the UK market in the past financial year.

"We have investments in every region and nation across the UK"

In addition to increasing the supply of alternative finance in the market, we have also generated a strong financial return over the past year. Our gross and net returns on capital employed were 15.2% and 14.3%, respectively, against benchmark targets of 5.6% and 5.0%. Our income from investments was £203.4m and we delivered pre-tax profit of £189.4m, compared to £120.5m and £107.4m, respectively, in the previous financial year.

Whilst this performance is very positive, it should be acknowledged that more than half of this return is due to fair value gains in our equity portfolio. The equity we provide to companies forms part of a long-term investment strategy and therefore it is too early to assess the final performance of our equity portfolio.

Investing through the economic cycle

British Business Investments has continued to invest strongly over the last year and, indeed, throughout the whole of the Covid-19 period, remaining active and visible in the market and supporting our delivery partners to ensure continued funding for the UK's smaller businesses.

We are a 'through the cycle' investor and lender and remain open for business, even when challenges are evident in the wider small business alternative finance markets.

£189.4m

pre-tax profit

British Business Investments also provides support to smaller businesses across the whole of the UK – we support more than 24,000 smaller businesses, more than 85% of which are located outside of London. We have investments in every region and nation across the UK and are proud to be providing support across the whole country.

Although we continue to maintain a strong regional presence, the total number of smaller businesses we supported this year has reduced due to the planned run-off of some investments in existing delivery partners.

A highly committed team

The strong performance by British Business Investments in 2021/22 is due to the commitment and hard work of our investment team.

Alongside our delivery partners, our highly committed investment team has worked tirelessly, to ensure continuity of funding for the UK's smaller businesses over the past year. I am very proud of the team and would like to thank everyone for their dedication during the past year.

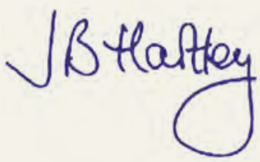
Looking ahead

Looking to the future, we will seek to bring to life our new mission so the themes of regionality, diversity and inclusion and sustainability become more prominent in everything we do. This will include updating our investment strategy and delivery partner selection process to more explicitly favour proposals demonstrating strengths in these areas.

We have had several changes in the Board of British Business Investments over the past year. I would like to give special thanks to our outgoing Chair, Francis Small, who has made an outstanding contribution to British Business Investments over the past six years and overseen a phenomenal transformation in the business. I would also like to welcome our new Chair, Catherine Lewis La Torre, and our two new Non-executive Directors, Caroline Bault and Sue Douthwaite. All bring a wealth of experience and skills to the business.

As I become CEO on a permanent basis, I look forward to working with the new Board members and the investment team, as we address the opportunities and challenges facing the company in the year ahead.

Judith Hartley
Chief Executive Officer



Our Board

We have a Board and governance structure which enables us to move quickly in investment decision-making whilst also designed to optimise our commercial approach.

Francis Small

Chair (until 16 June 2022)

Francis was appointed Chair with effect from 1 September 2020 and stepped down from the role on 16 June 2022. He became a Non-executive Director of British Business Investments in June 2016 after spending 36 years at EY in a wide variety of roles.

After initially working with smaller businesses at EY, Francis became an audit partner in Financial Services for seven years. He then joined the firm's Corporate Finance practice where he specialised in cross-border acquisitions, disposals, IPOs and restructuring.

He ran the UK Corporate Finance practice before becoming Global Head of Corporate Finance and a member of EY's Global Board. Francis lived and worked in the Middle East for two years, advising some of the world's largest sovereign wealth funds. After returning to London in 2010, he co-ordinated services to some of EY's largest international clients.

Judith Hartley

Chief Executive Officer

Judith was appointed permanent CEO of British Business Investments with effect from 1 October 2022. For two years prior to that, Judith was Interim CEO of both British Business Investments, and the British Business Bank's other commercial subsidiary, British Patient Capital. Judith stepped down from the British Business Investments Board on 15 June 2022.

Judith built a career in corporate banking with Barclays and Bank of Scotland before becoming involved in the delivery of publicly funded access to finance products. Judith was previously the British Business Bank's Managing Director, Lending Solutions, where she was responsible for the delivery of a number of the Bank's debt-based products, including the Enterprise Finance Guarantee, Help to Grow and Start Up Loans. She was also previously MD for the Bank's UK Network team.

Catherine Lewis La Torre

Chair (from 16 June 2022)

Catherine was appointed Chair of British Business Investments on 16 June 2022, taking over the role from Francis Small. Catherine is also CEO of British Patient Capital.

From September 2020 to October 2022, Catherine was Interim CEO of the British Business Bank Group. Prior to that, she was CEO of the Bank's two commercial subsidiaries, British Business Investments and British Patient Capital.

Catherine has built a career in venture capital and private equity fund management. She joined British Business Investments as CEO in 2016 from Cardano Risk Management, where she was Head of Private Equity, responsible for managing a global portfolio of private capital fund investments with over £1bn of commitments. Prior to this she was a Partner with secondaries specialist, Fondinvest Capital, in Paris having previously been one of the founding partners of fund-of-funds manager, Proventure which focused on venture and growth capital investing in Europe.

Sue Douthwaite

Non-executive Director

Sue became a Non-executive Director in February 2022. Sue is a Chartered Banker and has enjoyed an extensive career in financial services working in Retail, Corporate and SME banking. Her previous roles include Managing Director of Santander Business in Santander UK, and Head of SME Strategy for Virgin Money.

She has been involved in transformational fintech projects and alliance partnerships in the UK and Europe and the successful delivery of new operating models, systems, and culture. She has been actively involved in the diversity agenda for many years.

Sue is a Non-executive Director of The Melton Building Society, Chair of Nexa Finance Ltd and Board Advisor at Physio Medics Ltd. She is also Chair of the International Advisory Board of Queen's Management School at Queens University, Belfast, and a member of University of Sheffield Business School Advisory Board.

Caroline Bault

Non-executive Director

Caroline became a Non-executive Director in February 2022. Caroline has 30 years' experience in financial services and capital markets ranging from equity research to investment banking and asset allocation.

Caroline is Managing Partner at CounselRock Partners, a specialist hedge fund research and alternative investment consultancy. Her prior roles include MD Global Business Development at CAIA, Director European Research at Commerzbank in London and Frankfurt and Executive Director at Goldman Sachs International.

She is currently a Non-executive Director of healthcare management consultancy ETL, Natural Environment Research Council (NERC) and social impact investment platform Ethex as well as and a trustee of the Royal Brompton & Harefield Hospitals Charity and African Conservation Foundation (ACF). She is a Chartered Alternative Investment Analyst (CAIA) and a member of the CFA Institute.

Meet the team

Back row (left to right)

Jacqueline Kaminsky
Manager

Christopher Amory
Manager

Mads Ladefoged
Analyst

Adam Ahmed
Senior Manager

Joanne Ward
Personal Assistant

Jonathan Marriott
Director

Rishi Puri
Senior Manager

Misodzi Mukungurutse
Senior Manager

Mark Barry
Director

Vianney de Leudeville
Director

Jay Coulson
Analyst

Luke Whitehead
Manager

Front row (left to right)

Geoff Whiteland
Director

Nancy Liu
Senior Manager

Adam Kelly
Managing Director

Judith Hartley
CEO

Richard Coldwell
Director

Jasleen Haer
Analyst

Not pictured

Mealad Alighanbari
Manager

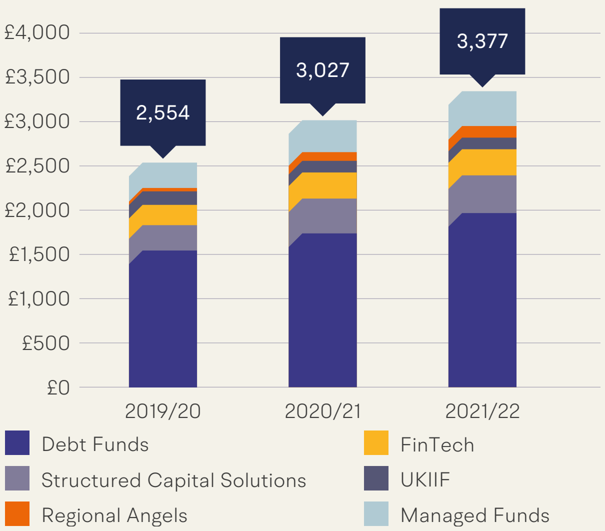
Meeting our strategic and commercial objectives

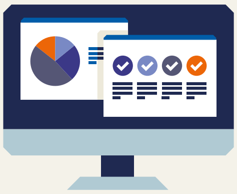
British Business Investments has four strategic and commercial objectives. We continuously evaluate our performance to make sure that we are achieving these objectives.

Supply

Increasing the supply of finance to smaller businesses across the UK

Portfolio commitments (£m)

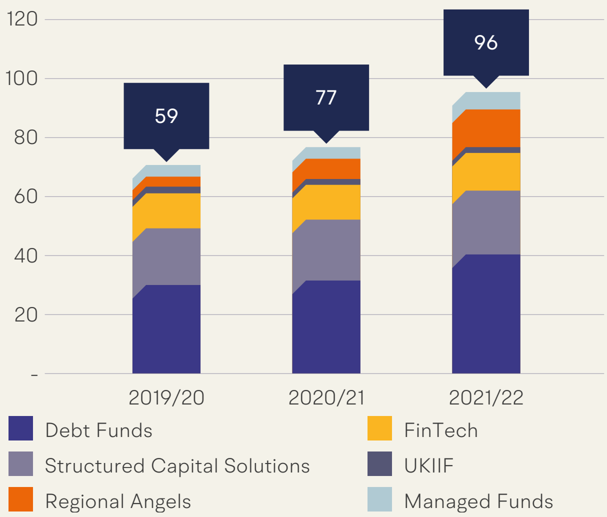




Diversity of funding

Helping to create a more diverse finance market

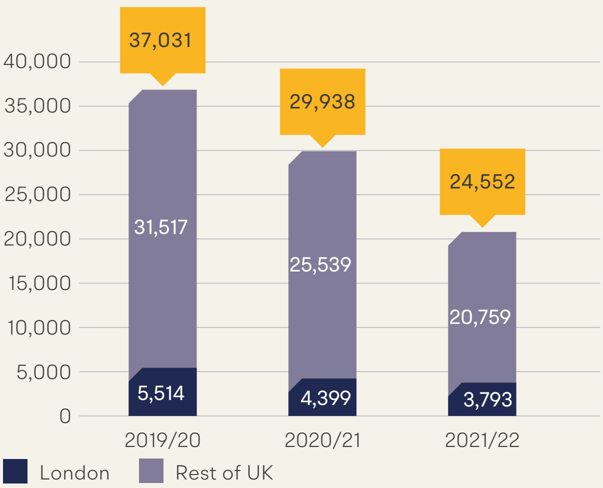
Number of current portfolio investments



Regional access

Identifying and helping to address regional imbalances in access to finance

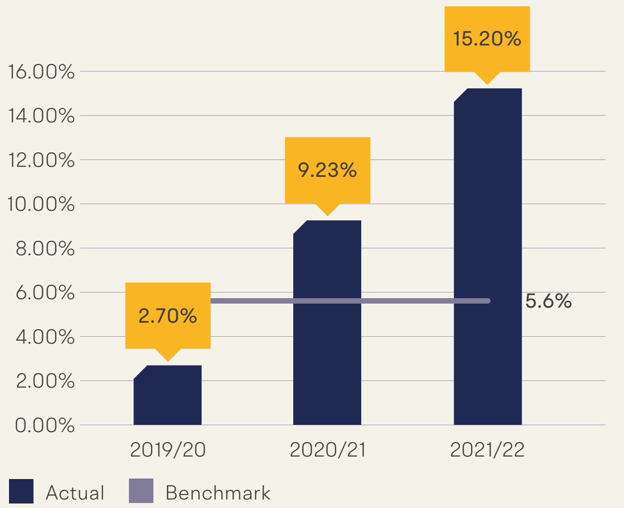
Volume of businesses supported



Returns

Managing taxpayers' money efficiently while generating a commercial rate of return

Gross return on invested capital at 31 March 2022



Delivering our key objectives

British Business Investments is working with a broader range of delivery partners than ever before, so we can provide greater choice to smaller businesses.

Adam Kelly
Managing Director

Our role

As a commercial subsidiary of the British Business Bank, British Business Investments supports the Bank in achieving its strategic objectives. We do this by increasing the supply of alternative finance for smaller businesses in the UK, while simultaneously aiming to generate a commercial return for the UK taxpayer.

British Business Investments does not invest in smaller businesses directly: instead, we work with the market by making financial commitments to a variety of finance providers that we call delivery partners, who then provide debt or equity financing to smaller businesses. These delivery partners vary widely and include challenger banks, asset finance providers, FinTech lenders, debt funds, angel networks and venture capital fund of funds managers.

By working with our delivery partners across several asset classes, we increase the volume and the diversity of finance available for smaller businesses throughout the UK.

We have five programmes in total within British Business Investments, two of which are fully invested and in run-off and three that are still investing.

Building an increasingly diversified portfolio

Throughout the pandemic, British Business Investments has continued to make new commitments to help ensure continuity of supply of finance for smaller businesses. We have continued to onboard new delivery partners to extend the diversity within our portfolio whilst also continuing to strengthen our relationships with our existing delivery partners across all our live programmes. We have also delivered strong financial returns from both our debt and equity portfolios.

In 2021/22, we made a record number of 20 new commitments – 13 to new delivery partners and seven to existing delivery partners – significantly expanding the total number of delivery partners in our portfolio to 60.

	Debt finance programmes	Equity capital programmes
Currently investing	Investment Programme	Managed Funds Programme Regional Angels Programme
Fully invested	Business Finance Partnership (Mid-cap and Small-cap)	UK Innovation Investment Fund

Following a successful £100m initial phase, our Regional Angels Programme was awarded £150m of additional capital this year, to invest over the next three years. This more than doubles the overall size of the Regional Angels Programme, demonstrating the Government's confidence in our ability to deliver early-stage equity funding to the UK regions and devolved nations.

As we look ahead, the UK is experiencing continuing economic uncertainty, with increasing inflation and the expectation that the country could fall into recession as 2022 comes to an end. Against this backdrop, our main aim will be to help support economic recovery and growth, by continuing to support our delivery partners, as they, in turn, provide funding to the UK's smaller businesses. As the UK faces these economic headwinds, we will remain flexible and responsive in our approach to our delivery partners, working with them as they face the challenges presented over the coming months.

Debt finance: Investment Programme

Our Investment Programme provides funding to alternative lenders to increase their access to institutional capital. They, in turn, are then able to provide increased alternative finance to smaller businesses. We aim to support both existing players and new entrants.

The programme consists of three asset classes to support specific areas of the debt market: Debt Funds, FinTech, and Structured Capital Solutions.

Equity capital: Managed Funds Programme and Regional Angels Programme

Both of these programmes were established in 2018 as part of the response to the Government's Patient Capital Review. The Managed Funds Programme makes commitments to established venture capital fund of funds managers to increase the supply of later-stage finance. The Regional Angels Programme makes commitments to very early-stage investors such as angel networks and Enterprise Investment Scheme managers to address regional imbalances in early stage capital.

Case study

Vyta Secure Ltd

BBI Programme: The Investment Programme
Delivery partner: MML

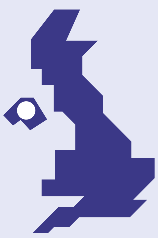
Vyta provides secure IT Asset Disposition (ITAD) services to clients throughout the UK & Ireland. Started in 2001 and originally based in Northern Ireland, it expanded to Dublin in 2008.

Vyta's services include collection and processing of redundant IT equipment; providing secure processing to remove any data. Equipment is then either refurbished for resale or recycled. It also provides secure on-site shredding, and imaging and deployment of new equipment sold through a number of channels.

Finance was sought from British Business Investments delivery partner MML to help further develop and grow its international business. Whilst allowing an adjustment to the shareholding, the funding has given the business the impetus to grow into offering new products and services, and geographical markets. As the sector is fragmented with many smaller owner operators, the finance also facilitated an initial acquisition of a rival business in Essex – and to make sure it is in a good position to complete further acquisitions.

Future plans are to grow overall market share in its core UK & Irish markets, and to invest in additional EU facilities to deliver the same levels of service to a wider audience.

As a sustainability focused business, Vyta sees opportunities to further enhance the market for refurbished IT equipment as a green alternative to new equipment.



New commitments

British Business Investments' purpose is to increase the supply of alternative finance for UK smaller businesses, while making a commercial return for the UK taxpayer.

By increasing the number and type of delivery partners we invest into, we contribute towards this strategic objective.

In 2021/22, we made 20 new commitments across our debt and equity programmes, totalling £350m.

Thirteen of these commitments were to new delivery partners. These were:

Debt Funds
- Atempo Growth
- Beach Point Capital Management*
- Hambro Perks*
- Mobeus Equity Partners

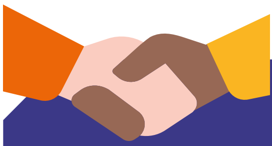
FinTech
- FOLK2FOLK

Structured Capital Solutions
- Liberty Leasing
- Roma Finance

Regional Angels Programme
- Green Angel Syndicate
- Praetura Ventures
- 24Haymarket

Managed Funds Programme
- Wilshire Associates

In addition, we also made seven new commitments to existing delivery partners. By providing follow-on commitments, we enable our existing delivery partners to scale their own businesses and increase the amount of funding they can supply to smaller UK businesses.



60

current delivery partners.

* The commitments included for Beach Point Capital Management and Hambro Perks are subject to legal completion and/or first close.

Our delivery partners* at the end of March 2022

24HAYMARKET Private Capital
admiral Leasing & Loans
Alcentra
apera asset management
ARES
assetz capital
Atempo Growth
Atom bank
BEECHBROOKcapital
BEACH POINT Capital Management
bmsfinance
BOOST&Co
BOOTSTRAP EUROPE
CLARENDON FUND MANAGERS
CLARET CAPITAL PARTNERS
Columbia Lake Partners
compass Business Finance
CORDET Capital Partners
Deepbridge
DSWVentures
fdc Frontier Development Capital
FOLK 2 FOLK
Funding Circle
gcp
Green Angel Syndicate
Hambro Perks
Harwood Private Capital
Haydock Finance
HAYFIN
Hermes GPE
ICG
igf Independent Growth Finance
ISOMER CAPITAL
kingsway Asset Finance Ltd
LGT Capital Partners your partner for alternative investments
Liberis
M&G Investments
Liberty Leasing The Asset Finance Specialist
Market Finance
MML Return on Ideas
mobeus
Muzinich & Co
Newable
par equity
PCF BANK
Præsidian capital
praetura VENTURES
PGIM PRIVATE CAPITAL
Roma Lending less ordinary
Secure Trust Bank Group
SFC
Shard Credit Partners
SHAWBROOK BANK
SHIRE LEASING
SF
THINCATS
TopTier
TDC Tosca Debt Capital
UKFTF
Wilshire

* Note only delivery partners with active commitments at the end of March 2022 are shown.

Debt finance

Currently, we have one debt finance programme that is actively investing: the Investment Programme.

This programme is open to finance providers whose investment strategy aligns with the objectives of British Business Investments and supports delivery partners in providing many different types of debt products to smaller businesses in the UK.

We partner with new market entrants, as well as helping more established alternative lenders to continue their growth trajectory – in this way we increase both the supply and diversity of debt finance.

Our Investment Programme has three core asset classes, each supporting a different area of the UK's small business finance markets: Debt Funds, FinTech, and Structured Capital Solutions.

Debt finance – Investment Programme

Equity capital

Our equity capital programmes unlock additional private sector capital to support business growth across the UK and generate a market rate of return.

We have two equity capital programmes which are currently investing: the Managed Funds Programme invests in large-scale, private sector fund of funds managers providing later-stage venture capital; and the Regional Angels Programme invests alongside business angels and other early-stage equity investors across the UK.

Equity capital programmes

Debt finance –
Investment Programme

Debt Funds

The fund-raising environment for smaller debt funds was difficult in 2021/22, so it is important that British Business Investments was able to help catalyse so many new funds.

280
businesses supported

40
portfolio investments

26
delivery partners

£2.0bn
committed (cumulative)

£210m
committed in 2021/22

Please note the above numbers include the BFP Mid-Cap Programme.

2021/22 has been a strong year for debt funds, with £210m of commitments made to seven funds.

Four commitments were to new delivery partners:

- Atempo Growth (£33.8m), a venture debt fund that largely focuses on financing technology companies
- Beach Point UK Fund (£40m), which focuses on lending to companies in Northern Ireland and Scotland
- Hambro Perks (£30m), which also targets fast-growing, technology-enabled companies
- Mobeus Equity Partners (£30m), which invests in growth-focused companies and supports them in achieving their growth objectives.

> "British Business Investments is now investing with 26 separate debt fund delivery partners"

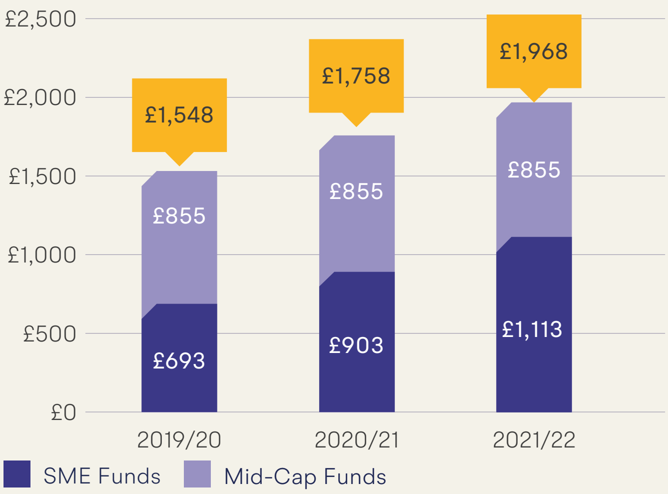
During the year, we also made three additional commitments to existing delivery partners:

- Beechbrook Capital SME III (£40m), which provides loans across the UK and has been particularly strong in the Midlands
- Bootstrap Europe (£16.5m), which mainly targets fast-growing technology and ESG businesses
- TDC Impact Fund (£20m), a fund which targets smaller, regionally based businesses – especially in the North West and Yorkshire.

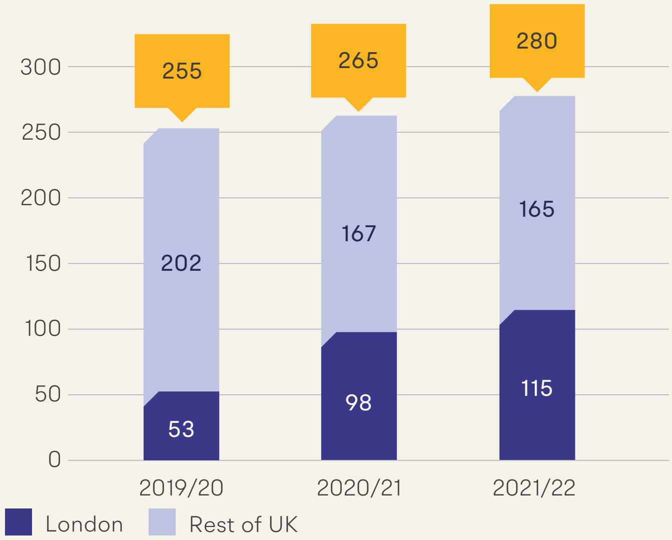
British Business Investments is now investing with 26 separate debt fund delivery partners. The income from these funds is an important source of our overall return.

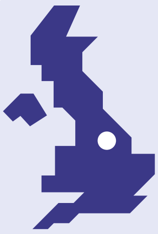
Looking forward, we expect the fundraising environment to remain challenging and demand for support from British Business Investments to remain strong. There remains a structural shortage of capital for smaller companies to support their growth: even in difficult economic times, there are still thousands of fast-growing companies that are seeking funding.

Total debt fund commitments (£m)



Number of businesses supported





Case study

Butternut Box

BBI Programme: Debt Funds
Delivery partner: Claret Capital Partners

Butternut Box is a direct to consumer fresh dog food subscription company based in the UK, Ireland & Netherlands. From its in-house production site in Bassetlaw, Nottinghamshire, it manufactures and delivers a range of freshly cooked human grade meals, with a personalized dietary offering driven by its proprietary tech platform. It is the leading fresh pet food player in Europe.

Funding from British Business Investments delivery partner Claret Capital Partners helped Butternut to build a state-of-the-art manufacturing and fulfilment facility to increase its order capacity.

David Nolan and Kevin Glynn, co-founders of Butternut said "Butternut is driven by our founding purpose of delivering health and happiness to dogs and their humans all over the world. With the help of Claret Capital, we have been able to make a long-term investment into this exact purpose. Our new facility will help accelerate our operational footprint in order to expand our base of Butternut customers across the UK and Europe. We are very excited to have partnered with Claret Capital and we are delighted they joined the Butternut journey."

Debt finance – Investment Programme

FinTech

FinTech lenders continue to diversify the products and services available to many smaller businesses, improving access and choice, including for those businesses operating in rural areas.

9,689
businesses supported

13
portfolio investments

7
delivery partners

£280m
committed (cumulative)

£7m
committed in 2021/22

We invest in the FinTech sector where it aligns with our own strategic objective of increasing diversity and choice of alternative finance for the UK's smaller businesses. FinTech has become an increasingly popular choice for some smaller businesses.

British Business Investments now has 13 investments in FinTech lenders, totalling £280m. Working with our FinTech delivery partners, we are supporting 9,689 small businesses across all regions and nations of the UK.

Although we continue to maintain a strong regional presence, the total number of smaller businesses we supported this year has reduced due to the planned run-off of some investments in existing FinTech delivery partners.

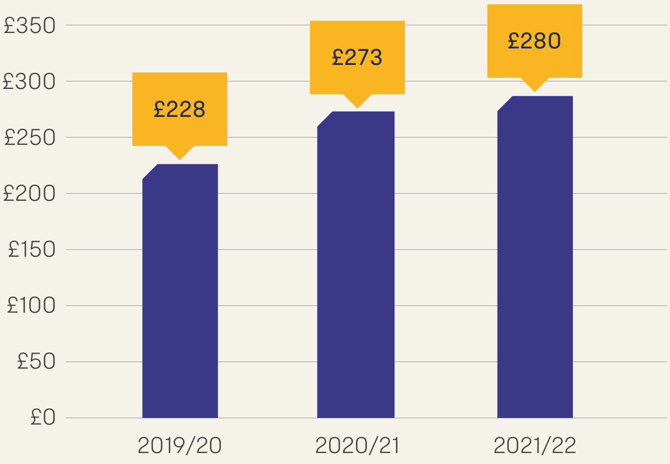
In 2021/22, we made one new FinTech commitment:

- FOLK2FOLK (£7m), a lending platform with a strong regional focus, which supports predominantly rural businesses.

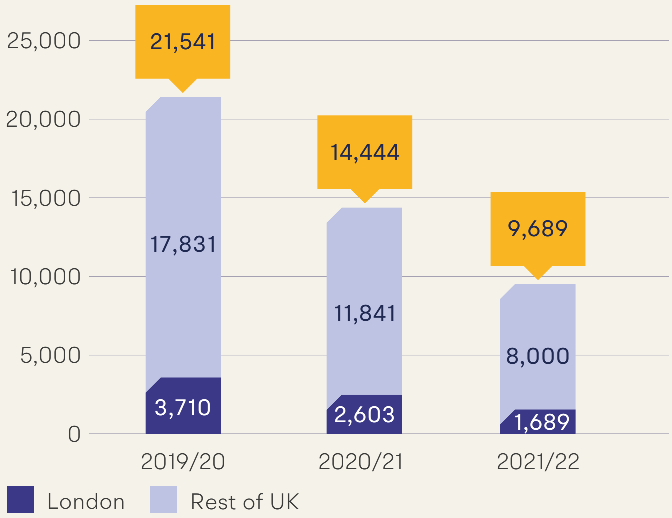
Looking ahead, we will continue to support innovative FinTech providers which are developing new ways of providing finance to smaller businesses.

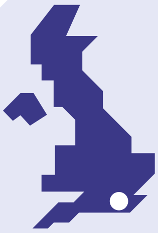
> "We invest in the FinTech sector where it aligns with our own strategic objective of increasing diversity and choice of alternative finance for the UK's smaller businesses"

Cumulative FinTech commitments (£m)



Number of businesses supported





Case study

Hook & Son

BBI Programme: FinTech
Delivery partner: FOLK2FOLK

British Business Investments' delivery partner FOLK2FOLK specialises in providing finance to underserved smaller businesses within regional areas of the UK. Headquartered in Cornwall, it takes a simple and straightforward approach, offering interest-only, property-secured loans to credit-worthy businesses which may not fit standard bank criteria.

FOLK2FOLK helps businesses like Hook & Son, a family run organic dairy farm based in East Sussex, to start, grow, or diversify. Hook & Son run an 80-cow organic dairy farm and in 2007 began selling raw milk direct to the consumer.

In 2018, the farm had its first bovine tuberculosis reactor which had a disastrous effect. Since then, Hook and Son has rebuilt the business, increasing its product range to also include pasteurised dairy produce. It also developed a market for dairy beef and is now the UK's largest farmer retailer of raw dairy products.

The father and son team received a £400,000 facility from FOLK2FOLK to set up a new glamping enterprise. The funding enabled this productive rural business to diversify its farm income and refinance existing debt, helping it move forward with its growth plans which include opening a shop in Borough Market, London.

Debt finance – Investment Programme

Structured Capital Solutions

British Business Investments supports specialist lenders, such as asset and invoice finance providers and challenger banks, to increase and diversify their lending to UK small businesses.

13,776 businesses supported

22 portfolio investments

12 delivery partners

£441m committed (cumulative)

£45m committed in 2021/22

By supporting specialist lenders and challenger banks in this way, we increase the choice and diversity of alternative finance available to smaller businesses across the UK.

In 2021/22, we made three new commitments:

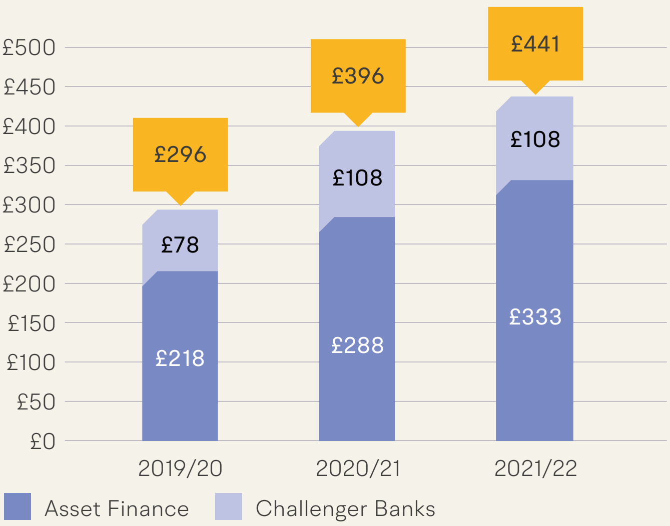
- Compass Business Finance (£15m), an existing delivery partner which specialises in digital print and manufacturing.
- Liberty Leasing (£15m), an established, independent asset finance business that focuses on logistics, manufacturing and construction
- Roma Finance (£15m), a Manchester-based lender in the property sector which supports smaller businesses working on residential construction projects

Due to the planned run-off of some investments in existing delivery partners, the total number of smaller businesses we supported this year has reduced, although we continue to maintain strong regional support for businesses outside of London.

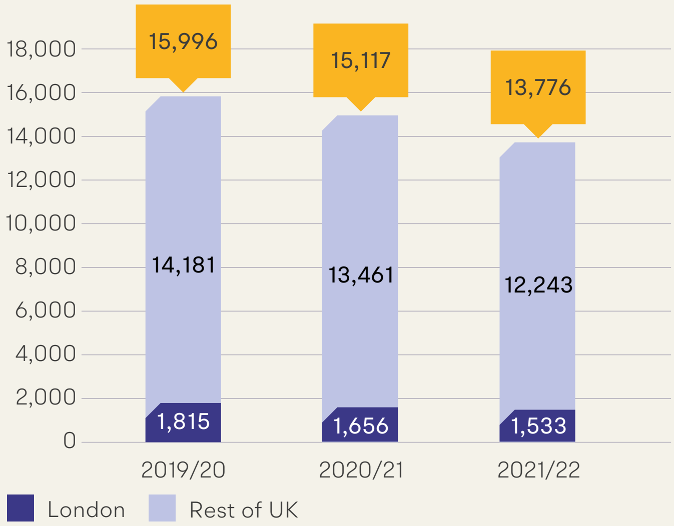
Looking ahead, we will continue to engage closely with our delivery partners, as they deploy our capital to smaller businesses that require efficient access to reliable sources of business-critical finance.

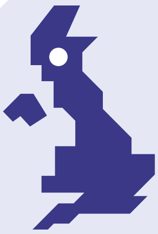
> “By supporting specialist lenders and challenger banks, we increase the choice and diversity of finance available to smaller businesses across the UK”

Structured Capital Solutions cumulative commitments (£m)



Number of businesses supported





Case study

Class 1 Vehicle Hire

BBI Programme: Structured Capital Solutions
Delivery partner: Liberty Leasing

Class 1 Vehicle Hire Ltd is an independent family vehicle and van hire company based in Larbert, near Falkirk, Scotland. It supplies vehicles on a daily, weekly, and monthly rental basis and has a fleet of nearly 300 vehicles. It offers a host of high-quality services tailored to suit clients' needs and requirements and aims to deliver a professional and personal service to its clients.

Established in 2016, Class 1 Vehicle Hire Ltd has experienced rapid year on year growth. In order to accelerate the business even further, the team required funding for new vehicles to expand its existing fleet and realise growth ambitions.

British Business Investments' delivery partner Liberty Leasing provided a £1m facility to allow the business to grow substantially and put its growth plan of doubling the size of the fleet into action.

The finance allowed the business to not only expand the fleet, but also facilitated the purchase of different vehicles for a wider range of projects, with vehicles ranging from range from small to large and budget to executive. Future plans are to continue to make further additions to the fleet.

Equity capital

Managed Funds Programme

The Managed Funds Programme makes cornerstone investments in a small number of large-scale, private sector funds of funds.

438
businesses supported

6
portfolio investments

5
delivery partners

£408m
committed (cumulative)

£43m
committed in 2021/22

Please note, the above numbers refer to the Managed Funds Programme only and do not include commitments made under the UKIIF Programme.

Our commitments are designed to catalyse institutional capital into the venture and growth asset class and provide capital to high-growth businesses in the UK.

Through this £500m programme, which was launched in 2018, British Business Investments is becoming a significant cornerstone investor with a patient capital mandate: we typically commit between 15% and 40% of each fund of funds, with the balance coming from other private investors. The capital we invest provides our delivery partners with large amounts of capital to help them invest into high-growth companies and support the development of the venture and growth ecosystem over the next few years.

In 2021/22, we made two new commitments:

- Isomer Capital Opportunities Fund (up to £21.6m), this follows on from the €75m commitment we made to Isomer Capital's fund of funds in 2020.
- Wilshire Fund II up to €25m (£21m).

The Isomer Opportunities Fund is a co-investment fund investing directly into companies alongside venture capital managers. This is something relatively new for British Business Investments, as it gives us more direct exposure to companies. We regard this activity as a positive addition to our portfolio, allowing us to provide more capital to fast-growing businesses.

We will continue to make investments to support existing and new managers, providing capital to the best European funds of funds. These investments will support the UK venture and growth ecosystem, whilst building a diversified portfolio to generate commercial returns.

Case study

Beauty Pie

BBI Programme: Managed Funds Programme
Delivery partner: Top Tier Capital Partners

Beauty Pie is a beauty and wellness brand that gives its members access to owned products sourced from the world's best labs at up to 70% off traditional retail prices. The company offers a technology-driven marketplace that cuts out intermediaries. The business has a strong overall focus on sustainable packaging including vegetable inks and recycled consumer grade plastic, and embodies cruelty free principles.

While starting out in beauty, Beauty Pie has the potential to broaden its offering into health, homeware and men's grooming. Ultimately, the financing received from British Business Investments' and others will help grow the business, increase top line revenue and allow for stronger hiring and recruitment of top-level talent.

Beauty Pie's current focus is on expanding into new categories (supplements and devices), and on augmenting its executive team as it hires new talent in marketing and growth.

This year the company will also strengthen its engineering and technology leadership as well as appoint a general manager for the growing US business. After addressing Covid and supply chain macro concerns, additional marketing spend, a resulting return to growth is expected later this fiscal year.

> "Our commitments are designed to catalyse institutional capital into the venture and growth asset class and provide capital to high-growth businesses in the UK"

Equity capital

Regional Angels Programme

The Regional Angels Programme is designed to address regional imbalances in the availability of early-stage equity finance: it is the first programme within British Business Investments with a specific regional remit.

317
businesses supported

13
portfolio investments

10
delivery partners

£130m
committed (cumulative)

£45m
committed in 2021/22

By investing alongside angel networks and other early-stage investors, the Regional Angels Programme is increasing the supply of early-stage capital that is available to regionally based businesses with high growth potential.

By partnering with angel networks, we aim to help professionalise the angel ecosystem and also provide our delivery partners with extra firepower so they can invest larger amounts of capital into more companies across the UK. This, in turn, helps to attract additional angels to invest alongside our delivery partners, making more capital available for the most promising start-ups and early-stage businesses in all the UK's regions and devolved nations.

In 2021/22, we made six new commitments. Five commitments were to three new delivery partners:

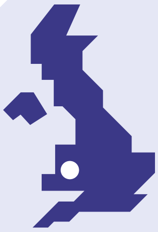
- Green Angel Syndicate, a UK-wide angel network with a focus on green technology. We made an initial investment of £5m plus a further £5m commitment later in the year.
- Praetura Ventures, based in Manchester and investing primarily in the North West. We made an initial investment of £10m plus a further £5m commitments later in the year.
- 24Haymarket, a private angel network that invests across the UK primarily in technology sectors including digital healthcare, cybersecurity and supply chain & logistics. We made a £10m investment.

> "The Regional Angels Programme is increasing the supply of early-stage capital that is available to regionally based businesses with high growth potential"

The remaining one new commitment was to an existing delivery partner:

- £5m to SFC Capital (taking total commitments to £15m)

Since its inception as a new programme in 2018, the Regional Angels Programme has committed £130m to 10 delivery partners and is supporting over 300 high-growth businesses. In Autumn 2021, it was awarded an additional £150m to make further commitments over the period to Spring 2025. We are seeing innovative new models emerge in the early-stage regional equity space and welcome this development, as we seek further investment opportunities.



Case study

Smile Plastics

BBI Programme: Regional Angels Programme
Delivery partner: Green Angel Syndicate

Smile Plastics is a material design and manufacturing business making supersized 100% recycled and 100% recyclable decorative panels for commercial and private interiors.

Based on the North Gower coast in Wales, the Smile Plastics design house and factory transforms plastic waste materials into its core range and products using fully recycled and recyclable plastics. It sells worldwide to architectural and interiors markets; providing everything from decorative panelling to furniture and fittings, in both commercial and residential spaces. Some of its clients include: Paul Smith, Christian Dior, Lush, Ted Baker, Ganni, the National Trust, the V&A Museum and Selfridges.

Following the establishment of an industrial scale operation, facilitated by its first round of investment from backers including British Business Investments, delivery partner Green Angel Syndicate, the business decided to expand its UK facilities and embark upon a programme of international business development.

Underpinned by ongoing growing market demand for products and services, the finance has meant Smile Plastics can adequately support its long-term strategic plans. It has also facilitated recruitment at all levels of the business to support growth, going from 25 employees in May 2022 and projected to reach over 60 by the end of 2023.

Future plans for the business include establishing an international network of partnerships to enable improved access to different geographies.

Managing our risks and corporate governance

British Business Investments operates within the Risk Management and Governance Framework of the British Business Bank but has its own Investment Committee.

Risk management and internal control

British Business Investments does not hold regulatory capital and is not regulated by the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA). However, British Business Investments Ltd is registered with the FCA (FRN 930734) and is supervised for anti-money-laundering purposes. Registration was completed on 11 November 2020. Whilst registration with the FCA does not require an entity to comply with the FCA Senior Management Arrangements, Systems and Controls (SYSC), British Business Investments is subject to other applicable laws and regulations and is committed to ensuring high standards of corporate governance.

A full description of the Risk Management and Governance Framework of the British Business Bank is included within its Annual Report and Accounts. The main aspects of the framework are:

- a collection of tools, processes and methodologies that support British Business Investments in identifying, assessing, monitoring and controlling the risks it faces in delivery of its strategic objectives
- a Risk Appetite Policy which British Business Investments is subject to, though the British Business Investments Board approves the company's own Risk Appetite Statement
- risk governance based on the 'three lines of defence' model
- a wide range of policies, frameworks and procedures which take account of regulatory or legal requirements and industry best practice.

The key operational risks that the company is exposed to are around:

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

The key financial risks that the company is exposed to are detailed in note 15.3 of the accompanying financial statements.

Catherine Lewis La Torre
Chair

3 November 2022

Directors' report

The Directors present their Annual Report on the affairs of the company, together with the financial statements and Auditor's report, for the period ended 31 March 2022.

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

- a description of the principal activities of the company during the course of the period, an indication of likely future developments in the business and the key operational and financial risks the company is exposed to are all included in the Strategic report
- details of significant events since the balance sheet date are contained in note 18 to the financial statements
- information about the use of financial instruments by the company is given in note 15 to the financial statements
- information regarding how the Directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, can be found on p32–34. This also demonstrates how the Directors have had regard to their duties to promote the success of the company.

Dividends and reserves

No dividends have been paid or proposed for the year ended 31 March 2022.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies notes in the financial statements.

Directors

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

- Francis Small, Chair
- Judith Hartley, Interim Chief Executive Officer
- Catherine Lewis La Torre, Executive Director
- Sara Halbard, Non-executive Director (to 15 September 2021)
- Caroline Bault, Non-executive Director (from 1 February 2022)
- Sue Douthwaite, Non-executive Director (from 1 February 2022)

Judith Hartley continued in the role of CEO on an interim basis throughout the reporting period.

British Business Investments has not made any political donations or incurred any political expenditure during the financial year.

Attendance at Board meetings	
Francis Small	9/9
Judith Hartley	9/9
Catherine Lewis La Torre	7/9
Sara Halbard*	4/4
Caroline Bault*	2/2
Sue Douthwaite*	2/2

* Sara's Board term ended on 15 September 2022. Caroline and Sue joined the Board on 1 February 2022.

Appointment and removal of Directors

The Articles of Association provide that any appointment of a Director to the Board of British Business Investments requires the prior consent of the Shareholder. Additionally, where the appointee is not already an employee of the Group, the prior written consent of the Secretary of State for Business, Energy & Industrial Strategy is required. No person may be removed as a Director without the prior written consent of the Secretary of State for Business, Energy & Industrial Strategy.

Directors' indemnities

The company has granted indemnities to each of its Directors in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors to the extent permitted by law and the company's Articles of Association.

Directors' confirmations in relation to the audit

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

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

Approved by the Board of Directors.

Catherine Lewis La Torre
Chair

3 November 2022

Statement of Director's responsibilities

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

Under company law the directors are required to prepare the financial statements in accordance with recognised accounting standards. The directors have chosen to adopt International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, which is consistent with the accounting treatment adopted by the British Business Bank plc Group, of which the company is a wholly owned subsidiary. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the company's ability to continue as a going concern. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

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

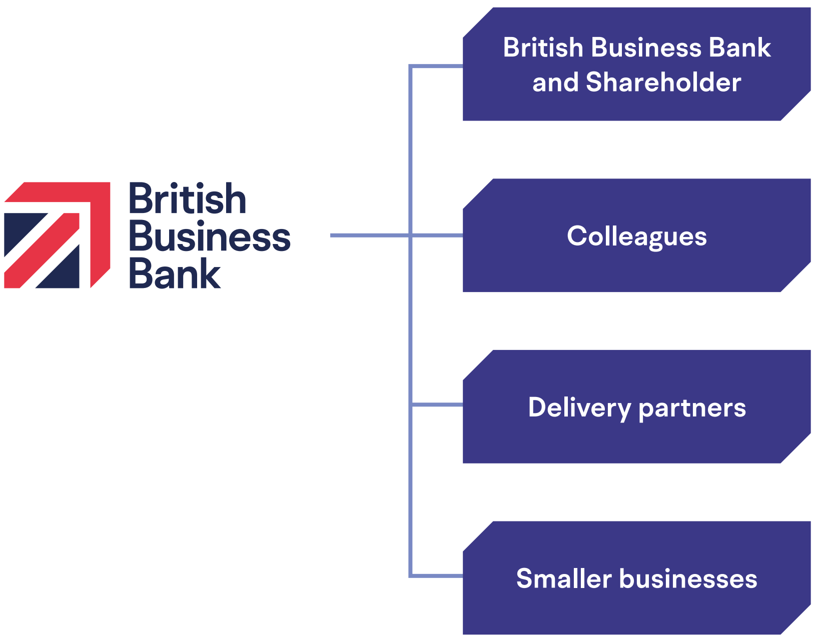
Approved by the Board of Directors.

Catherine Lewis La Torre
Chair

3 November 2022

Our key stakeholders

In accordance with Section 172, the following pages outline who our stakeholders are, why they are important to our long-term success, how we engage with them to understand their views and issues and where you can find further information about them. We also set out the principal decisions taken by the Board during the reporting period.



British Business Bank and Shareholder

Why?

British Business Investments Ltd is a wholly owned subsidiary of British Business Bank plc.

The Secretary of State for Business, Energy & Industrial Strategy (BEIS) is the sole shareholder of British Business Bank plc, and therefore is vital to British Business Investments' operations and funding. Effective engagement with BEIS, alongside British Business Bank plc, helps enable British Business Investments to achieve its strategic objectives, as a commercially focused subsidiary.

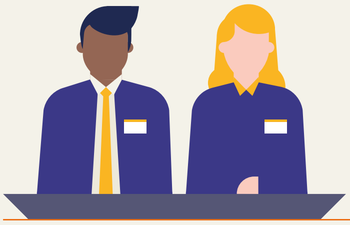
How?

- British Business Bank plc holds regular meetings with BEIS, including quarterly shareholder and policy meetings
- A BEIS representative director is on the Board of British Business Bank plc
- A BEIS representative attends British Business Investments' quarterly portfolio monitoring and valuation meetings.

Where?

See the latest Annual Report and Accounts for British Business Bank plc which provides detail on decisions being made in consultation with BEIS.

"Without our colleagues doing what they do every single day we would not be able to deliver for our Shareholder, the wider group of stakeholders and, most critically, for the businesses across the UK"



Colleagues

Why?

Without our colleagues doing what they do every single day we would not be able to deliver for our Shareholder, the wider group of stakeholders and, most critically, for the businesses across the UK that we are here to support.

How?

- Quarterly town halls
- Annual engagement survey leading to action plans which are followed up and monitored with colleagues
- Colleague Forum on operational change, business updates and wellbeing.

Where?

See the latest Annual Report and Accounts for British Business Bank plc which details our overall engagement with our colleagues across the British Business Bank Group, in addition to further information on engagement in response to the ongoing Covid-19 pandemic and measures to enable colleagues to work flexibly and safely, and support their wellbeing.

Delivery partners

Why?

We support the provision of both debt and equity finance to small and medium-sized businesses through a network of UK-based delivery partners across five separate programmes.

Our delivery partners are the bridge between us and smaller businesses, and have a central role in our business success.

The delivery partner model allows British Business Investments to reach significant scale whilst utilising the private sector's expertise to increase the supply of finance and generate a commercial rate of return for British Business Investments. Existing programmes have proved to be successful in providing a commercial rate of return and are a major profit contributor to British Business Bank plc's overall performance.

How?

Ongoing relationship management:

- Product and portfolio teams maintain close working relationships with all delivery partners
- British Business Investments conducts extensive due diligence on each delivery partner prior to making a commitment to ensure they will enable us to deliver on our objectives
- Ongoing performance and risk monitoring of existing delivery partners is done via quarterly review meetings, analysis of performance data and reporting, attendance at annual general meetings and Limited Partner Advisory Committees, and general communication with delivery partners.

Where?

Our website (www.bbinv.co.uk/our-portfolio).

We operate under the Risk Management Framework of British Business Bank plc. Its Annual Report and Accounts includes details of risk management related to our delivery partners.

Smaller businesses

Why?

Smaller businesses (SMEs) are the underlying recipients of our capital investments which enable them to grow.

We operate through a delivery partner model and, as such, we do not directly interact with SMEs ourselves.

How?

- Feedback from delivery partners
- Supporting British Business Bank plc in its wider marketing and support activities for SMEs
- Undertaking evaluations of programmes
- Monitoring the impact our investments have had on SMEs.

Where?

See the Annual Report and Accounts for British Business Bank plc which provides further detail of SMEs' engagement provided by the Group.

For the Bank's latest research and programme evaluations, see: www.british-business-bank.co.uk/research.

Principal decisions

The principal decisions taken by the British Business Bank plc Board during 2021/22 are set out in the British Business Bank plc Annual Report and Accounts. These are also relevant to British Business Investments' stakeholders. In addition, the British Business Investments Board made a number of principal decisions which took account of our stakeholders interests and with regard to the Directors' duty to promote the longer-term success of the company.

These decisions included updating the British Business Investments' mission statement to provide clarity to colleagues and stakeholders about the strategic aims of the business and how these align with the new British Business Bank plc strategic framework, updating the application process for two of British Business Investments' programmes for the selection of new delivery partners, to enhance efficiency and speed of decision-making, as well as the applicants' overall experience, and the appointment of two new Non-executive Directors to the British Business Investments' Board – Caroline Bault and Sue Douthwaite.

Independent Auditor's report

To the members of British Business Investments Limited

Opinion on financial statements

I have audited the financial statements of British Business Investments Limited for the year ended 31 March 2022 which comprise British Business Investments Limited's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion the financial statements:

- give a true and fair view of the state of British Business Investments Limited's affairs as at 31 March 2022 and its profit for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) and applicable law. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

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

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which I report by exception

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

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

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

Responsibilities of the directors for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing British Business Investments Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- The nature of the sector, control environment and operational performance including the design of British Business Investments Limited's accounting policies.
- Inquiring of management, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to British Business Investments Limited policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including British Business Investments Limited's controls relating to compliance with the Companies Act 2006,

- Discussing among the engagement team including internal specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Evaluating significant estimates made by management in the production of the financial statements, in particular the measurement of expected credit losses and the fair value measurement of financial instruments.

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

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

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims
- reading and reviewing minutes of meetings of those charged with governance and the Board and;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

Susan Clark
Senior Statutory Auditor

7 November 2022

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

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

Financial statements

Statement of comprehensive net income

For the year ended 31 March 2022

	Note	2022 £000	2021 £000
Income			
Interest income	9.1	17,865	18,045
Arrangement and other fees		431	406
Gross operating income		**18,296**	**18,451**
Net gains on investment assets			
– Expected credit loss on amortised cost assets	9.1	12,937	(216)
– Derecognition on amortised cost assets	9.1	(6,835)	-
– Fair value gains on assets held at fair value through profit or loss	9.2	178,958	102,237
– Recoveries on amortised cost assets		41	54
Net operating income		**203,397**	**120,526**
Expenditure			
Staff costs	4.1	(1,782)	(1,687)
Other operating expenditure	5.1	(1,678)	(1,204)
Management fee	5.2	(10,518)	(10,234)
Operating expenditure		**(13,978)**	**(13,125)**
Profit before tax		**189,419**	**107,401**
Tax	6.1	(48,246)	(20,345)
Profit for the year after tax		**141,173**	**87,056**
Other comprehensive income		-	-
Total comprehensive income for the year		**141,173**	**87,056**

All operations are continuing.

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

The notes on pages 43 to 64 form an integral part of the financial statements.

Statement of financial position

As at 31 March 2022

	Note	2022 £000	2021 £000
Assets			
Cash and cash equivalents	7	29,065	84,435
Trade and other receivables	8	75,334	52,204
Amortised cost investments	9.1	307,204	269,423
Investments held at fair value through profit or loss	9.2	1,164,654	971,525
Corporation tax	6.2	-	7,263
Total assets		**1,576,257**	**1,384,850**
Liabilities			
Trade and other payables	10	(5,120)	(2,180)
Deferred tax liability	6.3	(54,986)	(22,928)
Corporation Tax	6.2	(15,236)	-
Total liabilities		**(75,342)**	**(25,108)**
Net assets		**1,500,915**	**1,359,742**
Equity			
Issued share capital	12	1,061,286	1,061,286
Retained earnings		439,629	298,456
Total equity		**1,500,915**	**1,359,742**

The financial statements of the Company (company number 09091930) were approved by the Board of Directors on 3 November 2022 and authorised for issue on on the date of the independent auditor's report. They were signed on its behalf by:

Catherine Lewis La Torre
Chair

The notes on pages 43 to 64 form an integral part of the financial statements.

Statement of changes in equity

As at 31 March 2022

	Notes	Issued capital £000	Retained earnings £000	Total £000
Balance as at 1 April 2020		**1,006,286**	**342,123**	**1,348,409**
Net income after tax		-	87,056	87,056
Total comprehensive income		**-**	**87,056**	**87,056**
Issue of ordinary shares	12	55,000	-	55,000
Dividends	17	-	(130,723)	(130,723)
Balance as at 31 March 2021		**1,061,286**	**298,456**	**1,359,742**
Balance as at 1 April 2021		**1,061,286**	**298,456**	**1,359,742**
Net income after tax		-	141,173	141,173
Total comprehensive income		**-**	**141,173**	**141,173**
Balance as at 31 March 2022		**1,061,286**	**439,629**	**1,500,915**

The notes on pages 43 to 64 form an integral part of the financial statements.

Cash flow statement

For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Profit before tax		**189,419**	**107,401**
Cash flows from operating activities			
Changes in operating assets and liabilities:			
Net (increase)/decrease in amortised cost investments	9.1	(37,781)	46,621
Net increase in assets at fair value through profit or loss	9.2	(193,129)	(48,413)
Decrease in trade and other receivables	8	2	14
(Increase)/decrease in amounts due from group companies	8/10	(20,549)	27,056
Increase/(decrease) in trade and other payables	10	357	(165)
Intercompany tax settlement	6	6,311	-
Net cash used in operating activities		**(55,370)**	**132,514**
Cash flows from financing activities			
Issue of new shares	12	-	55,000
Dividends paid to shareholder[1]	17	-	(130,723)
Net cash from financing activities		**-**	**(75,723)**
Net (decrease)/increase in cash and cash equivalents		**(55,370)**	**56,791**
Cash and cash equivalents at beginning of the year		84,435	27,644
Cash and cash equivalents at end of the year		**29,065**	**84,435**

[1] The payment of a dividend of £130,723,000 was paid by the cancelling of an amount owed from the Company with these two transactions being settled on a net basis.

Interest received was £51.5m (2021: £43.4m).

The notes on pages 43 to 64 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2022

1. General information

British Business Investments Ltd (the Company) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Steel City House, West Street, Sheffield, S1 2GQ. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 10 to 28.

2. Significant accounting policies

Basis of preparation

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

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

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

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from the British Business Bank plc stating it will provide sufficient funding to enable the Company to meet its liabilities as and when they fall due for a period of not less than 12 months from the date of approval of these financial statements. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Adoption of new and revised standards

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

At the date of authorisation of these financial statements, the Directors do not expect that the adoption of Standards and Interpretations in issue but not yet effective will have a material impact on the financial statements of the Company in future years.

Income recognition

Income is measured as the change in fair value of the investments plus any gain or loss arising on disposal and consideration received or receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax (VAT) and other sales-related taxes. Income is reduced for estimated rebates and other similar allowances.

Arrangement and other fees income is recognised when a recipient obtains control of the service.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts future contractual cash payments or receipts over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of the financial liability. The calculation does not consider expected credit losses and includes transaction costs, and premiums or discounts that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate.

Any changes are recognised in the Statement of Comprehensive Net Income.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the

year. Taxable profit differs from net profit as reported in the Statement of comprehensive net income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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

Financial assets and liabilities

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

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

Classification of financial instruments

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

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

The Company's financial assets comprise debt and equity instruments, classified as such under IAS 32. Debt instruments are classified both at initial recognition and subsequently, as amortised cost instruments, where the contractual cash flows represent solely payments of principal and interest ('SPPI'). If the cash flows do not represent SPPI, the instrument is measured at FVTPL.

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

Impairment of financial assets

The Company assesses on a forward-looking basis, the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost.

At initial recognition, financial assets are categorised as 'Stage 1' and an impairment provision is made for ECLs resulting from default events projected within the next 12 months ('12-month ECL').

Subsequently, financial assets are considered to be in 'Stage 2' when their credit risk has increased significantly since initial recognition, at which point it is considered appropriate to recognise lifetime ECL. The Company assesses assets to be in Stage 2 using a combination of non-statistical, qualitative information, such as changes to the borrower's intrinsic credit worthiness, as well as quantitative, statistical information. It applies a presumption that when accounts are more than 30 days past due, there has been a significant increase in credit risk and such assets are assessed as being in 'Stage 2'.

For portfolios where there is no recent borrower specific credit information, the proportion of the performing book deemed to have suffered from a significant increase in credit risk is 10% based on industry analysis.

Financial assets are included in 'Stage 3' when there is objective evidence that the asset is credit impaired, with expected credit losses still calculated on a lifetime basis. Assets which are more than 90 days past due are considered to be in default and credit impaired. Once an account is recognised as being in 'Stage 3', interest income is recognised by applying the effective interest rate to the amortised cost carrying amount.

ECLs are calculated using three main components, probability of default (PD), loss given default (LGD) and exposure at default (EAD). The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default. Discounting of the expected cashflows is performed using the Effective Interest Rate (EIR).

The calculation of probability of default (PD)

The PD of each underlying loan or credit facility provided by the Company is a key assumption for the IFRS 9 ECL calculation and this is reliant on rating assessments undertaken by external and internal PD models. Where account level ratings are not available, the average PD derived from the same cohort of lending is applied.

The calculation of loss given default (LGD)

LGD assesses the loss potential in case of a default and is reliant on the collateral residual value acting as security reported against each loan or the reported seniority ranking of the Company's facility compared to other investors. LGD is estimated using internal models which consider observed loss data or using external benchmarks where appropriate.

The calculation of exposure at default (EAD)

Exposure at default (EAD) is estimated for each month for the contractual lifetime of each financial instrument. This is either the contractual maturity profile of the investment or an internal estimate of the exposure value based on expected repayment profiles based on historical information. A credit conversion factor is applied to undrawn irrevocable commitments based on external benchmarks or internally observed data for similar portfolios or types of assets.

Changes in the carrying amount of assets arising as a result of impairment are recognised in the Statement of Comprehensive Net Income. If a loan has no realistic prospect of recovery, any loss incurred by the Company on extinguishing the debt is written off against the provision for loan impairment. Any subsequent recoveries of amounts previously written off are recognised through the Statement of Comprehensive Net Income.

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are measured at amortised cost.

Foreign exchange

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements

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

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

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

The ongoing economic uncertainty and to a lesser extent Covid-19 pandemic has given rise to significant additional uncertainty as to investment valuations and the Company has taken account of this in its assessment of the March 2022 valuations by giving particular scrutiny to the valuation methodologies adopted by its fund managers, ensuring that they are appropriate and consistent with IFRS, IPEV or other relevant guidelines.

Estimates

The assessment of ECL impairment allowances against amortised cost financial assets

The calculation of impairment provisions is inherently uncertain and requires the Company to make a number of assumptions and estimates.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Where there has been a significant relative increase in the probability of default (PD) compared to initial recognition, based on the customer's credit quality, the account is assessed as being in 'Stage 2'.

Where current PD is measurable, a significant relative increase in the PD is judged to have occurred where there has been an increase in PD from origination to the reporting date equivalent to a 3-notch downgrade on a granular external credit rating scale. In addition, assets with a PD equivalent to external credit rating grade A (Standard & Poor's/Fitch) or A2 (Moody's) are considered to be low risk and are always classed as Stage 1 under the IFRS 9 low credit risk exemption.

For assets which are not re-rated and where on-going behavioural modelling is not available, a fixed percentage of the performing portfolio is assumed to be in Stage 2 based on historic grade transitions where available. Where historic grade transitions are not available the percentage is defined in line with European Banking Authority (EBA) guidance. In the ECL calculations, a scalar based on the observed performance of each respective cohort is applied to the fixed percentage.

The impact of the Covid-19 pandemic has raised further matters for consideration in assessing the Company's amortised cost financial assets.

Economic scenarios and associated probability weightings

IFRS 9 requires the calculation of ECLs to account for multiple forward-looking macroeconomic scenarios that are plausible. The ECL model adopted by the Company uses a range of forward-looking projections of UK liquidation rates generated by a macroeconomic regression model based on third-party base case forecasts of Consumer Price Index growth rates, interest rates, and unemployment rates, and then under two better and two worse scenarios. The selection of variables was reviewed in 2021/22 to ensure their continued suitability as independent variables within the regression model.

To account for the volatile nature of the UK economic environment, the Company has continued to engage with our third-party forecaster throughout the year to provide independent economic forecasts for use within the IFRS 9 ECL models. They provide five economic scenarios of varying severity as input to the macroeconomic regression model, and the weightings associated with each are reviewed, challenged and adjusted on a quarterly basis. As at 31 March 2022, adjustments to the scenario weightings have been applied to increase the probability of a downside scenario.

Post-model overlays

The Company has applied post-model overlays to reflect the increase in credit risk that is not accounted for due to the rigidity of model recovery assumptions.

The Loss Given Default (LGD) overlay is based on a 40% decrease in recovery rates in a stress period and an upward adjustment of the average LGD rates for a portion of the peer to peer lending portfolio to 90% LGD.

The overlays have resulted in an overall decrease in the ECL provision of £1.7m which is 0.5% of total exposure and is predominantly to account for worsening LGD's due to lower expected recoveries on defaulted loans.

In addition, ECL provisions have been decreased by £0.2m due to the introduction of CBILS guarantees against the loans within a Company investment lending portfolio.

4. Staff numbers, staff costs and directors' remuneration

4.1 Staff numbers and staff costs

The average monthly number of employees (including Executive Directors) was:

	2022	2021
Permanent staff	18	15
Non-executive Directors	3	3
Total	**21**	**18**

Aggregate remuneration comprised:	**2022 £000**	**2021 £000**
Wages and salaries		
Permanent staff	1,114	1,117
Non-executive Directors' fees	46	45
Short and Long-Term Incentive Plans and bonus scheme	293	217
Social security costs	169	159
Pension costs	160	149
Total	**1,782**	**1,687**

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

4.2 Directors' remuneration

Directors' remuneration during the year was £153,887 (2021: £205,900). Remuneration for the highest paid director during the year is covered under Executive Directors' remuneration below.

Executive Directors' remuneration

Judith received a salary of £85,000 (2021: £49,583), a payment under the British Business Bank plc Performance Bonus Plan for the period ended 31 March 2021 of £39,950 (2021: £18,346), company pension contributions of £12,750 (2021: £7,438) and £417 (2021: £204) taxable benefits. Judith also received a payment under the British Business Bank plc LTIP for the three-year period ended 31 March 2022 of £15,770 (2021: £32,218). Judith did not participate in any new long-term incentive arrangement for the year 2021/22. Judith's remuneration is split on a 50:50 basis with British Patient Capital Limited and disclosure of her remuneration in that role is dealt with in the Directors' remuneration note of British Patient Capital Limited.

4. Staff numbers, staff costs and directors' remuneration (continued)

Non-executive Directors' remuneration

Non-executive Directors' remuneration for 2022 and 2021 is made up as follows:

	2022		2021	
	Total fees £000	Annual equivalent £000	Total fees £000	Annual equivalent £000
Caroline Bault	3	20	-	-
Sara Halbard	10	20	20	20
Sue Douthwaite	3	20	-	-
Francis Small	30	30	25	25
Total	**46**	**90**	**45**	**45**

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

No post-employment benefits, termination benefits or share-based payments were made to Directors in the year (2021: none).

5. Operating costs

5.1 Other operating expenditure

	2022 £000	2021 £000
Audit fee	105	90
Investment costs	1,448	1,046
Other operating expenditure	125	68
Total	**1,678**	**1,204**

A fee of £105,000 (2021: £90,000) plus VAT was charged for the audit of the Company's financial statements. The Company's auditors did not provide any non-audit services.

5.2 Management fee expense

	2022 £000	2021 £000
Allocated staff costs	3,666	4,164
Allocated other operating expenditure	6,852	6,070
Total	**10,518**	**10,234**

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

6. Tax

6.1 Tax on profit on continuing activities

	2022 £000	2021 £000
Current tax		
Current year	1,006	229
Adjustment in respect of prior year	15,182	(2,826)
Total current tax	**16,188**	**(2,597)**
Deferred tax		
Current year	32,016	8,167
Adjustment in respect of prior year	42	14,775
Total deferred tax	**32,058**	**22,942**
Total tax expense	**48,246**	**20,345**

Factors affecting the tax expense for the year

The tax expense for the year is different from the standard rate of Corporation Tax in the UK as explained in the table below. The Corporation Tax rate used is based on the enacted Corporation Tax rate for the year commencing 6 April 2022.

The table below reconciles the tax charge for the year:

	2022 £000	2021 £000
Profit before tax	189,419	107,401
Tax on profit at standard UK tax rate 19% (2021 – 19%)	35,990	20,406
Adjustment in respect of prior year	15,224	11,949
Tax effects of FV movements	(16,165)	(12,041)
Tax rate changes	13,197	-
Short-term timing differences	-	31
Total tax charge	**48,246**	**20,345**

Deferred Corporation Tax

	Unrealised losses		Deferred tax	
	2022 £000	2021 £000	2022 £000	2021 £000
Change in tax rate	-	-	(7,254)	-
Short-term temporary differences	-	147	-	28
Other timing differences*	(99,216)	(120,895)	(24,804)	(22,970)
Other timing differences subject to deferred tax	**(99,216)**	**(120,748)**	**(32,058)**	**(22,942)**

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

6.2 Corporation Tax payable/(receivable)

	2022 £000	2021 £000
Corporation Tax (receivable) at 1 April	(7,263)	(4,666)
Tax expense for the year	16,188	(2,597)
Intercompany tax settlement	6,311	-
Corporation Tax payable/(receivable) at 31 March	**15,236**	**(7,263)**

6. Tax (continued)

6.3 Deferred tax liability

	2022 £000	2021 £000
Deferred tax (liability)/asset at 1 April	(22,928)	14
Movement in the year	(32,058)	(22,942)
Deferred tax liability at 31 March	**(54,986)**	**(22,928)**

In the March 2021 UK Budget, it was announced that the UK rate of Corporation Tax will increase from 19% to 25% effective from 1 April 2023. The change was enacted on 10 June 2021, and as a result the closing deferred tax liability has been measured at a rate of 25%. The impact on the change in tax rate is expected to occur when the deferred tax balances unwind.

7. Cash and cash equivalents

	2022 £000	2021 £000
Government Banking Service	5,412	62,778
Commercial bank accounts	23,653	21,657
Total	**29,065**	**84,435**

8. Trade and other receivables

	2022 £000	2021 £000
Amounts receivable within one year		
Trade receivables	23	26
Amounts due from Group companies	75,311	52,178
Total	**75,334**	**52,204**

Trade receivables disclosed above are measured at amortised cost. The amounts due from Group Companies are repayable on demand with the individual balances being show in note 16.

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

9. Investments

9.1 Amortised cost investments

As at 31 March 2022

	Opening balance £000	Additions £000	Repayments £000	Accrued Interest £000	Derecognition[1] £000	Expected credit loss allowance £000	Closing balance £000
BFP Mid Cap	92,609	56,959	(24,159)	5,161	-	511	131,081
Investment Programme	176,814	106,948	(125,934)	12,704	(6,835)	12,426	176,123
Total	**269,423**	**163,907**	**(150,093)**	**17,865**	**(6,835)**	**12,937**	**307,204**

As at 31 March 2021

	Opening balance £000	Additions £000	Repayments £000	Accrued Interest £000	Derecognition[1] £000	Expected credit loss allowance £000	Closing balance £000
BFP Mid Cap	89,876	14,093	(16,934)	4,267	-	1,307	92,609
Investment Programme	226,168	150,952	(212,561)	13,778	-	(1,523)	176,814
Total	**316,044**	**165,045**	**(229,495)**	**18,045**	**-**	**(216)**	**269,423**

[1] Derecognition relates to closures and write-offs.

9.2 Investments held at fair value through profit or loss

As at 31 March 2022

	Opening balance £000	Additions £000	Repayments £000	Fair value movement £000	Closing balance £000
BFP Mid Cap	312,190	5,008	(94,063)	24,600	247,735
Investment Programme	441,904	139,976	(99,618)	59,981	542,243
UKIIF	141,731	3,084	(37,238)	45,751	153,328
Managed Funds	59,639	66,457	(2,407)	40,440	164,129
Regional Angels	16,061	34,882	(1,910)	8,186	57,219
Total	**971,525**	**249,407**	**(235,236)**	**178,958**	**1,164,654**

As at 31 March 2021

	Opening balance £000	Additions £000	Repayments £000	Fair value movement £000	Closing balance £000
BFP Mid Cap	379,196	5,000	(86,882)	14,876	312,190
Investment Programme	390,866	89,690	(87,740)	49,088	441,904
UKIIF	142,259	5,869	(35,940)	29,543	141,731
Managed Funds	10,243	43,569	(2,474)	8,301	59,639
Regional Angels	548	15,342	(258)	429	16,061
Total	**923,112**	**159,470**	**(213,294)**	**102,237**	**971,525**

9. Investments (continued)

Business Finance Partnership

The Company manages the Business Finance Partnership programme.

The Business Finance Partnership has one strand: BFP Mid Cap, which invested in funds who lend to medium-sized businesses with turnover of up to £500m. Under IFRS 9 the BFP Mid Cap portfolio was classified as FVTPL except for one fund.

Investment Programme

The Company manages the Investment Programme. It makes commercial investments that stimulate at least the same amount of investment from the private sector, encouraging new lenders into the market and the growth of smaller lenders. The Company's investments in Limited Partnerships through the Investment Programme are classified as FVTPL.

This programme has participated in peer-to-peer lending and has provided invoice discount finance, asset finance and other credit facilities. This lending is classified as amortised cost under IFRS 9.

Through the Investment Programme, BBI is a participant in Tier 2 fixed rate reset callable subordinated loan notes by Shawbrook Bank plc with an initial semi-annual coupon of 9%, Atom Bank with fixed coupon of 10% p.a., Secure Trust Bank with interest rate of 6.75% p.a., and PCF Bank Ltd with fixed coupon of 8% p.a.

These investments are classified as an amortised cost financial asset under IFRS 9.

UK Innovation Investment Fund

UKIIF supports the creation of viable investment funds targeting UK high-growth technology-based businesses. It has invested through two underlying fund of funds, the UK Future Technology Fund, which has now ceased making new investments, and the Hermes Environmental Impact Fund.

The UKIIF investments are accounted for and measured at FVTPL under IFRS 9.

Managed Funds Programme

The Company's Managed Funds Programme's mandate is to channel institutional capital to innovative, high-growth companies so they might meet their full growth potential. Through this programme, the Company expects to become a significant, cornerstone investor in funds of funds with a patient capital mandate. The £500m initial allocation which has been made to the programme represents a significant commitment in the years ahead.

The Managed Funds Programme investments are accounted for and measured at FVTPL under IFRS 9.

Regional Angels Programme

The Regional Angels Programme, managed by the Company, is designed to address regional imbalances in the availability of angel finance, and to increase the amount of capital available to smaller businesses with high growth potential through angel networks, particularly in areas where this type of finance is less readily available.

The Regional Angels Programme investments are accounted for and measured at FVTPL under IFRS 9.

9. Investments (continued)

Impact of economic uncertainty and Covid-19 on Investment Valuations

As reported in the prior year, we seen further recovery in economic activity following the initial Covid-19 impact in FY 2019-20 as reflected in the BBI's investment valuations at the reporting date.

The Covid-19 impact on the Amortised Cost investments has been proportionally greater than on the FVTPL investments, and management's estimate of the component of the 2021/22 ECL provision which is Covid-19 related is around £1.6m out of a total ECL provision of £9.3m. The Covid-19 amount has reduced by £3.8m from £5.4m in the prior year, reflecting the improved economic outlook. The forward- looking nature of the approach to calculating ECL provisioning under IFRS 9 means that future losses are recognised at an earlier stage and take account of forecast future economic scenarios. The nature of the lending within the larger portfolios within the Amortised Cost portfolio, in particular the peer-to-peer platform lending (which is lending to start-ups and micro-businesses often without collateral), makes these investments more vulnerable to any impact of an economic downturn.

The FVTPL investment portfolio is more diversified with a wider spread of investments ranging from early-stage start-ups to mid-market corporates. BFP Mid Cap and the Investment Programme are weighted towards the traditional sectors of the economy which have been more exposed to the impact of Covid-19.

The ongoing economic uncertainty and to a lesser extent the Covid-19 pandemic has given rise to additional uncertainty around investment valuations. The impact on investments will vary depending on individual business models and the success of government interventions. Valuation methodologies include market multiples, industry benchmarks and discounted cashflows, all of which are inherently more uncertain as market places change and so forecasts and historical reference points become less reliable.

10. Trade and other payables

	2022 £000	2021 £000
Amounts falling due within one year		
Trade payables	57	4
Accrued expenditure	493	560
Amounts due to Group companies	3,816	1,232
Other payables	754	384
Total	**5,120**	**2,180**

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

11. Capital commitments

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

	2022 £000	2021 £000
BFP Mid Cap	114,809	158,298
UKIIF	9,938	15,102
Investment Programme	479,182	452,950
Regional Angels	79,692	69,369
Managed Funds	281,740	303,502
Total	**965,361**	**999,221**

During the year it was discovered that the BFP Mid Cap, Investment Programme, and Managed Funds capital commitments were incorrect. These capital commitments have been restated as at March 2021 by increasing the BFP Mid Cap capital commitment by £107.8m, increasing the Investment Programme capital commitment by £7.9m, and reducing the Managed Funds capital commitment by £15.7m.

12. Share capital

	2022	2021
Issued and fully paid ordinary shares of £1 each:	1,061,285,731	1,061,285,731

	2022 £000	2021 £000
Brought forward	1,061,286	1,006,286
Shares issued for cash	-	55,000
Carried forward	**1,061,286**	**1,061,286**

The Company has one class of ordinary shares which carry no right to fixed income.

13. Significant undertakings

British Business Investments Ltd (BBI) has the following significant holdings in undertakings.

Name	Country in which it is incorporated	Class of share held by BBI	Proportion held by BBI
BMS Finance S.A.R.L. Registered address: 55 Avenue Pasteur, L-2311, Luxembourg	Luxembourg	Not classified	49.8%
Industrial Lending 1 (Boost Fund) Registered address: 6 Rue Adolphe, L-1116, Luxembourg	Luxembourg	Class A shares	47.1%
Pricoa Sterling Corporate Bond Fund Registered address: 70 Sir John Rogerson's Quay, Dublin 2, Ireland	Ireland	Not classified	66.7%
Muzinich UK Private Debt Fund Registered address: 49 Avenue J.F.K, L-1855, Luxembourg	Luxembourg	Not classified	20.7%
Crown Growth Europe Expansion S.C.S. Registered address: 8 Rue Lou Hemmer, L-1748 Senningerberg	Luxembourg	Class A and Class O-P shares	33.3%

14. Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Company. Such interests include debt and equity investments and investment management agreements.

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

Interest in Limited Partnerships	2022 £000	2021 £000
Assets at fair value through profit or loss	1,164,654	971,525
Total assets	**1,164,654**	**971,525**

15. Financial instruments

15.1 Categories of financial instruments

The following table analyses the Company's financial assets and liabilities in accordance with the categories of financial instruments in IFRS 9.

At 31 March 2022

	Note	Assets held at FVTPL £000	Assets held at amortised cost £000	Liabilities held at amortised cost £000	Total £000
Assets					
Cash and cash equivalents	7	-	29,065	-	29,065
Trade and other receivables	8	-	75,334	-	75,334
Amortised cost investments	9	-	307,204	-	307,204
Investments held at FVTPL	9	1,164,654	-	-	1,164,654
Total assets		**1,164,654**	**411,603**	**-**	**1,576,257**
Liabilities					
Trade and other payables	10	-	-	(5,120)	(5,120)
Total liabilities		**-**	**-**	**(5,120)**	**(5,120)**
Net assets		**1,164,654**	**411,603**	**(5,120)**	**1,571,137**

At 31 March 2021

	Note	Assets held at FVTPL £000	Assets held at amortised cost £000	Liabilities held at amortised cost £000	Total £000
Assets					
Cash and cash equivalents	7	-	84,435	-	84,435
Trade and other receivables	8	-	52,204	-	52,204
Amortised cost investments	9	-	269,423	-	269,423
Investments held at FVTPL	9	971,525	-	-	971,525
Total assets		**971,525**	**406,062**	**-**	**1,377,587**
Liabilities					
Trade and other payables	10	-	-	(2,180)	(2,180)
Total liabilities		**-**	**-**	**(2,180)**	**(2,180)**
Net assets		**971,525**	**406,062**	**(2,180)**	**1,375,407**

15. Financial instruments (continued)

15.2 Fair value measurements

The investment portfolio consists of amortised cost assets and assets classified as fair value through profit or loss where fair value is measured on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For all investment assets that are not amortised cost, the valuation is a net asset valuation (NAV) determined by investment managers on a fair value basis or by quoted prices in an active market.

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

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Net Income. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

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

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

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

Investments in third-party private debt funds and Venture Capital funds are valued based on the net asset value reported by the fund manager for the relevant date, provided the valuation approach is recognised as industry standard, for example International Private Equity and Venture Capital Association (IPEVCA) guidelines.

15.2 Fair value measurements (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Set out below is a comparison by class of carrying amounts and fair values of the Company's financial assets and financial liabilities measured at amortised cost.

	Carrying Value 2022 £000	Fair Value 2022 £000	Carrying Value 2021 £000	Fair Value 2021 £000
Financial assets at amortised cost				
BFP Mid Cap	131,097	131,197	92,609	92,609
Investment Programme	176,107	182,251	176,814	190,851
Total	**307,204**	**313,448**	**269,423**	**283,460**

BFP Mid Cap and Investment Programme

Loans at amortised cost provided through the BFP Mid Cap and the Investment Programme comprise both fixed rate and floating rate investments with an average duration of not more than five years. The Directors have assessed that the changes in interest rates and in credit spreads and the associated impact on the fair value of these assets since they were originated is not material to the Company's results. BFP Mid Cap and Investment Programme amortised cost assets are classed as Level 3 assets in the fair value hierarchy, except for two amortised cost investments which are classified as Level 1 assets.

15.3 Financial risk management

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

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

- Credit and investment risk
- Market risk
- Liquidity risk.

Credit and investment risk

Credit and investment risk is the risk of a loss due to the failure of counterparties to fully honour their obligations to the Company, including the whole and timely payment of principal, interest, collateral or other receivables and the risk of loss due to adverse credit spread movements. Credit risk includes settlement risk, when a counterparty fails to settle their side of a transaction, and concentration risk. The Company's credit risk is also influenced by general macroeconomic conditions.

Credit risk may arise in any of the Company's assets where there is the potential for default which includes any investments with a contractual repayment.

The degree to which the Company is exposed to credit risk depends on the individual characteristics of the contract counterparty and the nature of the investment. The amount of exposure, before taking into account any collateral or security, in each class of financial asset is limited to the amount invested at any given point in time.

15.3 Financial risk management (continued)

Maximum credit risk exposure

For some debt investments appropriate collateral is held. The nature of collateral may change over time depending on the investments which the Company holds in any given period.

	Maximum Exposure to loss 2022 £000	Collateral 2022 £000	Net Exposure 2022 £000	Maximum Exposure to loss 2021 £000	Collateral 2021 £000	Net Exposure 2021 £000
Cash and cash equivalents	29,065	-	29,065	84,435	-	84,435
Trade and other receivables	75,334	-	75,334	52,204	-	52,204
Amortised cost investments	316,523	(97,345)	219,178	291,679	(86,501)	205,178
Assets classified as FVTPL	1,164,654	-	1,164,654	971,525	-	971,525
Total	**1,585,576**	**(97,345)**	**1,488,231**	**1,399,843**	**(86,501)**	**1,313,342**

The Company through its applicable delivery partners has the ability to call on collateral in the event of a default of the counterparty by way of calling on the asset for which the finance has been provided. The collateral disclosed in the table above relates in full to loans provided in relation to asset-backed finance.

The concentration of credit risk is limited due to the investment base being large and spread across a number of asset classes. Credit risk assessment is carried out as part of the investment approval process and is revisited on an ongoing basis as part of the Company's portfolio management process.

Credit risk rating and loss allowance

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

– Trade and other receivables

– Assets held at amortised cost

– Cash and cash equivalents.

Trade and other receivables

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

Assets held at amortised cost

The Company's investments are assessed by the Valuation Committee. The Company produces credit risk ratings for its investments based upon the estimated Probability of Default or Loss Given Default of that investment.

15.3 Financial risk management (continued)

	Not credit-impaired				Credit impaired			
	Subject to 12-month ECL Stage 1		Subject to lifetime ECL Stage 2		Subject to lifetime ECL Stage 3		Total	
	Gross carrying amount £'000	Allowance for ECL £'000	Gross carrying amount £'000	Allowance for ECL £'000	Gross carrying amount £'000	Allowance for ECL £'000	Gross carrying amount £'000	Allowance for ECL £'000
As at 01 April 2021	**254,123**	**(3,155)**	**23,192**	**(4,737)**	**14,364**	**(14,364)**	**291,679**	**(22,256)**
Transfer to 12-month ECL	4,003	(1,260)	(4,003)	1,260	-	-	-	-
Transfer to lifetime ECL	(25,777)	166	25,777	(166)	-	-	-	-
Transfer to credit-impaired financial asset	(272)	229	(873)	567	1,145	(796)	-	-
New financial assets originated or purchased	163,908	(263)	-	-	-	-	163,908	(263)
Financial assets that have been derecognised during the period (including write off)	(123,264)	171	(7,380)	268	(8,420)	6,814	(139,064)	7,253
Changes to risk parameters	-	2,251	-	1,397	-	2,299	-	5,947
As at 31 March 2022	**272,721**	**(1,861)**	**36,713**	**(1,411)**	**7,089**	**(6,047)**	**316,523**	**(9,319)**
Carrying amount as at 31 March 2022		**270,860**		**35,302**		**1,042**		**307,204**

	Not credit-impaired				Credit impaired			
	Subject to 12-month ECL Stage 1		Subject to lifetime ECL Stage 2		Subject to lifetime ECL Stage 3		Total	
	Gross carrying amount £'000	Allowance for ECL £'000	Gross carrying amount £'000	Allowance for ECL £'000	Gross carrying amount £'000	Allowance for ECL £'000	Gross carrying amount £'000	Allowance for ECL £'000
As at 01 April 2020	**268,161**	**(7,365)**	**58,785**	**(4,020)**	**10,823**	**(10,340)**	**337,769**	**(21,725)**
Transfer to 12-month ECL	13,562	(1,810)	(13,562)	1,810	-	-	-	-
Transfer to lifetime ECL	(11,088)	433	11,088	(433)	-	-	-	-
Transfer to credit-impaired financial asset	(48)	15	(4,039)	1,214	4,087	(1,229)	-	-
New financial assets originated or purchased	165,045	(811)	-	-	-	-	165,045	(811)
Financial assets that have been derecognised during the period (including write off)	(181,509)	511	(29,080)	1,535	(546)	546	(211,135)	2,592
Changes to risk parameters	-	5,872	-	(4,843)	-	(3,341)	-	(2,312)
As at 31 March 2021	**254,123**	**(3,155)**	**23,192**	**(4,737)**	**14,364**	**(14,364)**	**291,679**	**(22,256)**
Carrying amount as at 31 March 2021		**250,968**		**18,455**		**-**		**269,423**

15.3 Financial risk management (continued)

The following table presents an analysis of credit quality of assets held at amortised cost, which were previously designated as fair value through profit or loss. It indicates whether assets were subject to a 12-month ECL or lifetime ECL allowance, and whether they were credit-impaired.

As at 31 March 2022

	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Medium risk	259,666	26,944	-	286,610
High risk	13,055	9,769	-	22,824
Defaulted financial assets	-	-	7,089	7,089
Total gross carrying amounts	**272,721**	**36,713**	**7,089**	**316,523**
Loss allowance	(1,861)	(1,411)	(6,047)	(9,319)
Carrying amount	**270,860**	**35,302**	**1,042**	**307,204**

As at 31 March 2021

	Stage 1 £000	Stage 2 £000	Stage 3 £000	Total £000
Medium risk	223,436	12,998	-	236,434
High risk	30,687	10,194	-	40,881
Defaulted financial assets	-	-	14,364	14,364
Total gross carrying amounts	**254,123**	**23,192**	**14,364**	**291,679**
Loss allowance	(3,155)	(4,737)	(14,364)	(22,256)
Carrying amount	**250,968**	**18,455**	**-**	**269,423**

Cash and cash equivalents

The Company held cash and cash equivalents of £29.1m as at 31 March 2022 (2021: £84.4m). The Company considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the holding parties. As such, an expected credit loss has not been recognised in the accounts.

Market risk

Market risk is the risk of direct or indirect losses that arise from fluctuations in the values of, or income from, assets or in movements in interest or exchange rates or credit spreads. The Company recognises market risk arising from an inability to exit an investment within the intended time frame.

Interest rate risk

The Company's investments include a combination of fixed and variable rate loans. Interest rate risk is regularly monitored to ensure that the mix of variable and fixed rate borrowing is appropriate. The Company does not use derivatives to hedge interest rate risk.

SONIA sensitivity of the investments is as follows:

– The impact of a 4 percentage point increase in the interest rate applicable to company investments would be an approximate increase in income of £17m over a one-year period.

– The impact of a 0.25 percentage point decrease in the interest rate applicable to investments would be an approximate decrease in income of £1m over a one-year period.

15.3 Financial risk management (continued)

Currency risk

The Company primarily invests in its functional currency, pounds sterling. However, the Company does have an exposure to currency risk as there are some investments in funds which have a Europe-wide investment mandate, and are denominated in Euros. A condition of investment in these funds is that they invest into the UK at a fund level a larger amount than our financial investment. Approximately 14.0% of the Company's portfolio is in non-pounds sterling denominated investments. There is currently no policy to hedge this currency risk.

Liquidity risk

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

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

Capital

The Company's share capital comprises 1,061,285,731 of issued and fully paid ordinary shares of £1. The Company is not subject to external regulatory capital requirements. Where appropriate, the Company uses internal models for measuring economic capital in the assessment of new investment transactions. Gross return on capital employed is a key performance indicator that is set for the Company by its Shareholder and further details are given in the Chief Executive's statement on page 5.

16. Related party transactions

The Company is a wholly owned subsidiary of British Patient Capital Holdings Ltd, which in turn is wholly owned by British Business Bank plc. The Secretary of State for BEIS is the ultimate controlling party and sole shareholder of the British Business Bank plc. British Business Investments Ltd entered into transactions with BEIS and the following British Business Bank plc Group companies:

	2022 £000	2021 £000
Expenditure		
British Business Bank plc	9,566	9,044
British Business Financial Services Limited	952	1,189
Total	**10,518**	**10,233**

16. Related party transactions (continued)

Amounts outstanding at year-end

As at the balance sheet date, British Business Investments Limited had debts outstanding and receivable with the following Group companies:

	2022 £000	2021 £000
Receivable		
BBB Patient Capital Holdings Limited	69,000	52,000
British Business Bank plc	6,311	40
British Business Financial Services Limited	-	138
Total	**75,311**	**52,178**
Payable		
British Business Bank plc	3,667	1,136
British Business Financial Services Limited	149	96
Total	**3,816**	**1,232**

Compensation paid to key management personnel is disclosed in note 4.2.

17. Dividends

No dividend is proposed for the year ended 31 March 2022 (2021: £130.7m – 12.317375p per share).

18. Events after the reporting date

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

19. Controlling party

The Company's parent company is BBB Patient Capital Holdings Limited, which in turn is a wholly owned subsidiary of the British Business Bank plc. In the opinion of the Directors, the Company's ultimate controlling party is the British Business Bank plc's shareholder, the Secretary of State for BEIS. The consolidated financial statements of BEIS are available from the Government departments' website at GOV.UK. Copies of the Group consolidated financial statements of the British Business Bank plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

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British Business Investments
Steel City House
West Street
Sheffield S1 2GQ

t. 0114 206 2131
www.bbinv.co.uk

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