

Annual Report and Accounts

for the year ended 30 September 2019

UNICORN
AIM VCT PLC



Unicorn AIM VCT plc ("The Company")

Investment Objective

The Company's objective is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maintaining a steady flow of dividend distributions to Shareholders from the income as well as capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust ("VCT"), so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 80% for accounting periods commencing after 6 April 2019 (previously 70%) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as permitted under VCT rules) to dividends or return of capital and no rights to redemption.

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Financial Highlights

for the year ended 30 September 2019

- Net asset value ("NAV") total return for the year ended 30 September 2019, after adding back dividends of 6.5p paid in the year, declined by 6.6%
- Final dividend of 3.5p proposed for the financial year ended 30 September 2019
- Offer for Subscription raised £24.3 million (after costs)

Fund Performance

| Ordinary Shares | Shareholders' Funds* (£m) | Net asset value per share (NAV) (p) | Cumulative dividends paid per share (p) [†] | Net asset value plus cumulative dividends paid per share (p) [#] | Share price (p) |
|-------------------|---------------------------|-------------------------------------|--|---|-----------------|
| 30 September 2019 | 201.1 | 153.9 | 54.5 | 208.4 | 137.0 |
| 31 March 2019 | 178.3 | 144.4 | 51.5 | 195.9 | 129.0 |
| 30 September 2018 | 201.4 | 171.8 | 48.0 | 219.8 | 144.0 |
| 31 March 2018 | 185.5 | 156.4 | 45.0 | 201.4 | 133.0 |

* Shareholders' funds/net assets as shown on the Statement of Financial Position on page 48.

[†] The Board has recommended a final dividend of 3.5p per share for the year ended 30 September 2019 bringing total dividends for the year to 6.5p per share, unchanged from the previous year. If approved by Shareholders, this payment will bring total dividends paid since the merger with Unicorn AIM VCT II plc on 9 March 2010 to 58.0p.

[#] Since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010 and merger of all former share classes.

Portfolio Summary

Qualifying investments by market sector

| | As at 30 September 2019 | As at 30 September 2018 |
|-----------------------------------|-------------------------|-------------------------|
| | % | % |
| Pharmaceutical & biotechnology | 20.4 | 26.3 |
| Software & computer services | 15.1 | 19.6 |
| Media | 12.8 | 9.2 |
| Financial services | 8.6 | 7.3 |
| Industrial engineering | 6.7 | 4.7 |
| Healthcare equipment & services | 6.2 | 6.5 |
| Travel & leisure | 5.6 | 5.0 |
| Support services | 4.4 | 6.0 |
| Chemicals | 4.4 | 3.1 |
| Aerospace & defence | 4.3 | 3.0 |
| Automobiles & parts | 2.8 | 1.6 |
| Electronic & electrical equipment | 2.6 | 2.9 |
| Medical equipment & services | 2.1 | - |
| Real estate investment & services | 1.9 | 1.8 |
| Technology hardware & equipment | 1.8 | 2.3 |
| Industrial transportation | 0.2 | 0.5 |
| Oil equipment & services | 0.1 | 0.1 |
| Food & drug retailers | - | 0.1 |
| Total | 100.0 | 100.0 |

Strategic Report

The purpose of this Strategic Report is to inform Shareholders of the Company's progress on key matters and assist them in assessing the extent to which the Directors have performed their legal duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Investment Manager's Review on pages 12 to 16 also includes a balanced and comprehensive analysis of the development of the business during the financial year and the position of the Company's investments at the end of the year.

Chairman's Statement

I am pleased to present the Company's Audited Annual Report for the year ended 30 September 2019.

Economic & Market Review

The period under review has been a difficult one for UK equity markets. The political landscape is currently as uncertain as at any point since the EU referendum was held in June 2016.

With UK economic growth currently at its lowest rate for ten years, the possibility of a recession appears to be increasing. The Office of National Statistics recently confirmed that Gross Domestic Product had declined by 0.1% during September, while growth in the three month period to the end of September was just 0.3% overall. The modest growth recorded in the third quarter followed a second quarter which saw the UK economy contract by 0.2%. The possible implications of a 'no-deal' Brexit has understandably led business leaders to defer investment decisions. According to the National Bureau of Economic Research (NBER), business investment has seen a significant decline of approximately 11% over the three years following the referendum. In monetary terms, the NBER claims that this is equivalent to a £20 billion loss to the UK economy. Given that business investment is thought to account for around 10% of overall GDP a year (with firms spending £198 billion in 2018), this decline is bound to have acted as a brake on UK economic growth. In addition, falling levels of business investment are also likely to affect employment growth, while according to NBER, the distractions presented by Brexit have caused productivity to fall by 5%.

Political division and economic uncertainty continue to weigh on equity markets generally and these factors have negatively impacted investor confidence, which in particular has had an adverse effect on the performance of the FTSE AIM All-Share Index. During the twelve-month period ended 30 September 2019, the FTSE 100 Index delivered a modestly positive total return of 3.2%, while the FTSE AIM All-Share Index fell sharply over the year, generating a negative total return of 19.4%.

Investment Performance Review

The performance of the investment portfolio during the twelve-month period ended 30 September 2019 was mixed.

In overall terms, Net Asset Value per share fell from 171.8 pence to 153.9 pence during the course of the financial year which, after adding back the 6.5 pence per share of dividends paid during the period, represents a total return decline of 6.6%. In relative terms, the total return of the Company therefore under-performed that of the FTSE 100 Index, but significantly outperformed the FTSE AIM All-Share Index.

The portfolio remains predominantly made up of investments in businesses that are listed on the Alternative Investment Market. Given that the period under review was an extremely challenging one for AIM quoted companies, it is unsurprising that the AIM-listed element of the portfolio also struggled in performance terms.

In addition, and as noted in previous reports, the introduction of more restrictive rules for VCTs, means that all new VCT qualifying investment must be targeted at earlier stage businesses. The operational and financial performance of these newer, less mature, VCT qualifying investments has also resulted in portfolio performance becoming more volatile than in previous years. It is therefore important to remind all Shareholders of the risks associated with venture capital investing and to again emphasise that any investment in the Company should be regarded as being relatively high risk and long term in nature.

The political and economic backdrop has been unhelpful for equity markets for some considerable time, particularly for AIM-listed companies, but it also helps serve to illustrate some of the key strengths offered by your Company's long-term approach to venture capital investing. Over the past eighteen years, the Investment Manager has constructed a diverse portfolio of investments in businesses operating across a variety of sectors and at different stages of development. At the financial year end, the combined value of the fifteen largest VCT qualifying investments represented over 50% of total net assets. Most of these businesses have been held in the portfolio for many years and have generated very considerable capital gains, both realised and, as yet, unrealised. In size terms, these are substantial and relatively mature businesses, with the enterprise value of the smallest being around £30 million, while the largest is currently in excess of £2 billion. Some 80% of these companies are profitable and healthily cash generative, while 60% are dividend paying and only 20% of them carry any debt on their balance sheets. Most of these businesses also remain in growth mode, primarily because they sell highly specialised products or services that fulfil a real need and deliver tangible benefits to their customers. It is therefore not unreasonable to expect portfolio performance to be relatively resilient during periods of market stress.

In terms of liquidity risk and stock specific risk the portfolio also continues to be prudently managed. All the investee companies in the top fifteen by value have a market capitalisation in excess of £30 million, while the largest is capitalised at more than £2 billion. The largest single holding accounts for around 7% of total net assets, while only two of the top fifteen investments are in unquoted companies and therefore categorised as being highly illiquid. In addition, the Investment Manager has always been

Strategic Report

careful to limit the ownership level in individual businesses. The Company owns more than ten percent of the issued equity in only three companies within the top fifteen investments by value and, across the entire portfolio, only one in excess of 20%.

As explained above, VCT compliant investment is now required to be targeted towards younger, less well-established businesses, which means they are typically loss-making at the point of initial investment. Despite this change in focus, a significant proportion of the Trust's assets remain invested in operationally strong and financially robust businesses, which have matured sufficiently to enable them to generate cash and maintain profitability on a consistent basis.

During the period under review, dividends were paid, or proposed, by approximately half of the companies held in the portfolio and dividend income of £2.7 million (2018: £2.9 million) was received. The level of dividend income declined modestly in the period under review. Although total returns may remain volatile over shorter time periods, the Investment Manager is nonetheless confident of delivering positive capital returns over the longer term, while also being able to generate sufficient distributable reserves to enable the Board to maintain a regular and reasonably predictable level of dividend payments to Shareholders.

At the financial year end, the investment portfolio consisted of 76 active VCT qualifying companies and 20 non-qualifying companies.

Net Assets

As at 30 September 2019, the audited net assets of the Company were £201.1 million, as compared to £201.4 million on 1 October 2018. Total net assets remained essentially flat during the year, primarily helped by the proceeds of the Offer for Subscription, which raised £24.3 million net of costs and helped offset the effect of share buybacks, dividends, the costs of running the Company and the fall in the underlying value of the investment portfolio.

Portfolio Activity

The year under review was relatively subdued in terms of new qualifying investments. During the period, two new VCT qualifying investments were made, at a total cost of £2.5 million. In addition, £4.6 million of VCT qualifying capital was allocated across ten of the existing investee companies, in order to support their further planned growth.

An additional £16.0 million was invested in non-qualifying investments or funds during the period. The purpose of these shorter term investments is primarily to provide Shareholders with market exposure, while the Investment Manager undertakes appropriate due diligence on potential longer term VCT-qualifying investments. These investments are typically made in large quoted companies that are constituents of the FTSE 350 Index or in Unicorn managed Open Ended Funds, where liquidity concerns are not an issue.

A number of full and partial disposals were also made during the course of the financial year. Total proceeds from disposals

of qualifying investments amounted to £5.1 million, realising an overall capital profit of £3.6 million. The Investment Manager also made a number of full and partial disposals in non-qualifying investments during the period. The total amount realised from these transactions was £15.2 million and the overall capital profit realised amounted in aggregate to £2.4 million.

A more detailed analysis of investment activity and performance can be found in the Investment Manager's Review on pages 12 to 16.

VCT Status

The Government introduced new legislation in November 2017 applicable to Venture Capital Trusts. The most important of these new rules came into effect in the 2019/2020 tax year and are designed to ensure that capital is directed at young, developing businesses, which might otherwise find it difficult to secure funding to finance their plans for growth.

One of the key tests, from accounting periods commencing after 6 April 2019, is the requirement for at least 80% (previously 70%) of a Venture Capital Trust's total assets to be invested in VCT qualifying companies. Excluding new capital raised in Offers for Subscription within the last three years, Unicorn AIM VCT's qualifying percentage is 85.8% of total assets. All other HM Revenue & Customs tests have also been complied with and the Board has been advised by its VCT status advisor, PWC, that the Company continues to maintain its Venture Capital Trust status. It will, of course, remain a key priority of the Board to ensure that the Company retains this VCT status.

Dividends

An interim dividend of 3.0 pence per share, for the half year ended 31 March 2019, was paid to Shareholders on 9 August 2019.

The Board is recommending a final dividend for the financial year ended 30 September 2019 of 3.5 pence per share (paid from income: 0.5 pence; paid from capital: 3.0 pence), payable on 6 February 2020 to Shareholders on the register as at 10 January 2020.

Subject to receiving Shareholder approval for payment of the proposed final dividend, total dividends in respect of the financial year ended 30 September 2019, will be 6.5 pence per share, unchanged from the previous year. This represents a tax free yield to eligible UK Shareholders of 4.2% based on the Net Asset Value of 153.9 pence per share as at 30 September 2019 and 4.7% based on the year end share price of 137.0 pence per share.

Share premium account and Capital redemption reserve

Following the Shareholder approval given at the Annual General Meeting held on 10 January 2019, the Company applied to the Court to cancel the Share premium account and Capital redemption reserve. The Court approved the cancellation on 26 March 2019 and the value of each reserve was added to the Special reserve. The Special reserve can be used to write or set off losses, facilitate distributions and buybacks and for other corporate purposes.

Strategic Report

Dividend Reinvestment Scheme

In August 2019, the Company announced a dividend reinvestment scheme giving Shareholders the opportunity to elect to reinvest dividends by subscribing for new shares at net asset value. The first opportunity to receive shares under the scheme will be the payment of the final dividend on 6 February 2020. Details of the scheme are given on page 67.

Share Buybacks & Share Issues

The Board continues to believe that it is in the best interests of the Company and its Shareholders to make market purchases of its shares from time to time. During the period from 1 October 2018 to 30 September 2019, the Company bought back 3,273,771 of its own Ordinary Shares for cancellation representing 2.8% of the opening share capital, at an average price of 135.3 pence per share including costs.

Future repurchases of shares will continue to be made in accordance with guidelines established by the Board and will be subject to the Company having the appropriate authorities from Shareholders and sufficient funds available for this purpose. Share buybacks will also be subject to the Listing Rules and any applicable law at the relevant time. Shares bought back in the market are normally cancelled.

An Offer for Subscription was launched on 29 January 2019. The Offer was strongly supported and closed, fully subscribed, on 4 April 2019. The total raised, net of all costs, was £24.3 million and resulted in the issue of 16,707,794 new shares. On behalf of the Board, I would like to welcome all new Shareholders and to thank existing Shareholders for their continued support. As at 30 September 2019, there were 130,660,071 Ordinary Shares in issue.

Corporate Governance

The Board has noted the process undertaken by the Financial Reporting Council ("FRC") to review and update the UK Corporate Governance Code which will be incorporated into the amended Association of Investment Companies ("AIC") code which the Company follows. These changes became applicable to the Company with effect from 1 October 2019 and the Board has implemented the changes required. Details are given in the Corporate Governance Statement on page 36.

Board Changes

As I indicated in last year's report and at the interim stage, I have decided to retire at the time of the publication of the 2020 interim results, having chaired the Board since the inception of the Company in 2001. In accordance with our succession planning programme Tim Woodcock was appointed as an independent non-executive director on the 10 June 2019 following a recruitment process managed by Charlotta Ginman. I understand that my colleagues propose to invite Tim to take over the chair following the Annual General Meeting in January 2020. It has been a great privilege to chair the Company since it was set up and I am proud of our collective achievements. I wish Tim, the Board, Unicorn Asset Management, Shareholders and all who are involved in the business every success for the future.

Outlook

The increasingly volatile political situation in the UK and lack of clear direction has begun to have a negative impact on the UK economy. While high levels of political division and economic uncertainty continue to unsettle UK equity markets, it is likely that the Company's NAV performance may remain volatile.

On 29 October 2019, a majority of MPs voted to approve an early General Election, which subsequently received Royal Assent. This election is scheduled to take place on 12 December 2019 and Shareholders should be aware that the outcome may create considerable additional risks to performance. For example, if the vote results in a 'hung' parliament, with no obvious prospect of achieving a workable coalition, then it is unlikely the UK equity market will respond favourably. In order to mitigate against the potentially negative impact of an unfavourable election result, the Investment Manager has adopted a particularly cautious short term approach. The amount of net cash currently held is at a level considerably higher than normal, while a further amount, in excess of £20 million, is readily realisable, since it is invested in large, highly liquid stocks.

Despite the heightened levels of uncertainty, the Investment Manager continues to source potential VCT qualifying investments from among AIM IPOs and AIM-listed companies and from among the wider universe of unquoted, privately held businesses. At the current time, only a small number of unlisted investments are actively under consideration and, while economic and political uncertainty may continue to affect the availability of AIM IPO investments in the short term, there should nonetheless be opportunities to provide further capital in support of the growth plans of some of our existing investee companies.

As the pipeline of promising potential VCT qualifying investments is lower than in previous years, the Board is monitoring the situation closely, and no decision has yet been made with regard to the possibility of a new Offer for Subscription before the end of the current tax year.

Finally, I would like to take this opportunity to thank all Shareholders for their continued support of the Company and to invite you to attend the Company's Annual General Meeting. This is to be held on 30 January 2020 at The Great Hall, The Charterhouse, Sutton's Hospital, Charterhouse Square, London EC1M 6AN. Full details can be found on page 68.

Peter Dicks

Chairman

3 December 2019

Strategic Report

The Company and its Business Model

The Company is registered in England and Wales as a Public Limited Company (registration number 04266437) and is approved as a Venture Capital Trust ("VCT") under section 274 of the Income Tax Act 2007 (the "ITA"). In common with many other VCTs, the Company revoked its status as an investment company as defined in section 266 of the Companies Act 1985 on 17 August 2004, to make it possible to pay dividends from capital.

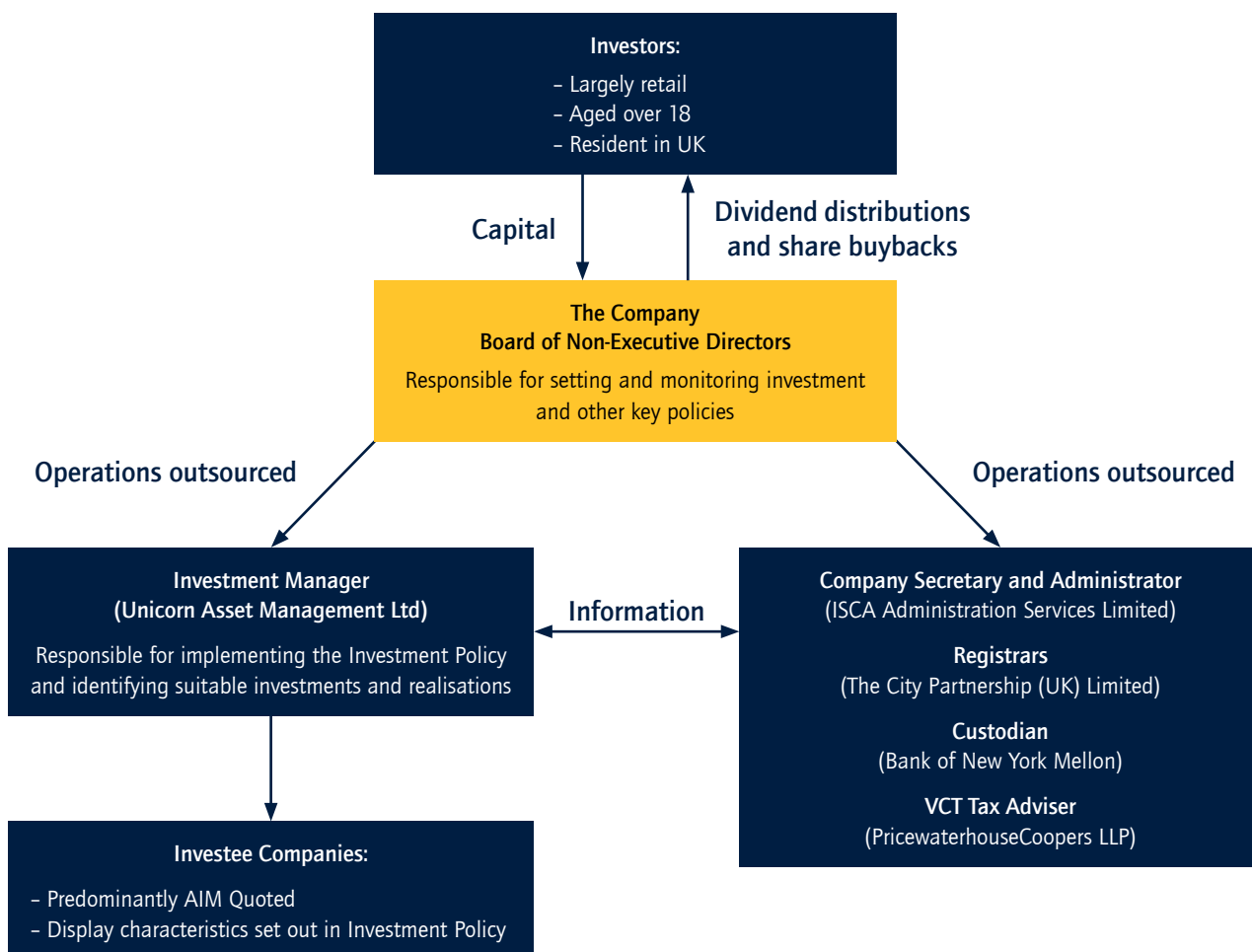
The Company's shares are listed on the London Stock Exchange main market under the code UAV and ISIN GBO0B1RTFN43.

The Company is an externally managed fund with a Board currently comprising five non-executive Directors. Investment management and operational support are outsourced to external service providers, with the strategic and operational framework and key policies set and monitored by the Board as described in the

diagram below. Further information on the service providers is outlined in the Corporate Governance Statement on page 38.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Risk is spread by investing in a number of different businesses across different industry sectors. The Investment Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. However, in order to maintain compliance with HMRC rules and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager on a monthly basis. When the Investment Manager proposes to make any investment in an unquoted company, the prior approval of the Board is required.

A summary of the relationship between the Board, the Company's Shareholders and external service providers is depicted below:-



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The Board's Strategy

Investment Objective

The Company's objective is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maintaining a steady flow of dividend distributions to Shareholders from the income as well as capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 80% for accounting periods commencing after 6 April 2019 (previously 70%) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as permitted under VCT rules) to dividends or return of capital and no rights to redemption.

Investment Policy

In order to achieve the Company's investment objective, the Board has agreed an investment policy which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM that display a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- potential for good cash generation to finance ongoing development and support for a progressive dividend policy.

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. No single holding may represent more than 15% (by VCT value) of the Company's total investments and cash, at the date of investment.

There are a number of VCT conditions which need to be met by the Company which may change from time to time. The Investment Manager will seek to make qualifying investments in accordance with such requirements.

Asset mix

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or is in excess of the 80% VCT qualification threshold for accounting periods commencing after 6 April 2019 (previously 70%), it may be held in cash or invested in money market funds, collective investment vehicles or non-qualifying shares and securities of fully listed companies registered in the UK.

Borrowing

To date the Company has operated without recourse to borrowing. The Board may, however, consider the possibility of introducing modest levels of gearing up to a maximum of 10% of the adjusted capital and reserves, should circumstances suggest that such action is in the interests of Shareholders.

The effect of any borrowing is discussed further on page 31 under "AIFMD".

Performance during the year

As at 30 September 2019, the audited NAV of the Company was 153.9 pence per share, having fallen by 17.9 pence from 171.8 pence per share at the start of the financial year under review, compared with an increase of 8.7 pence per share in 2018. After adding back dividends of 6.5 pence per share paid in the year, the total return to Shareholders declined by 11.4 pence or 6.6% compared with an increase of 15.2 pence or 9.3% in the previous year. In comparison, the total return from the FTSE AIM All-Share Total Return Index was a negative 19.4% over the same period. The audited net assets of the Company were £201.1 million (2018: £201.4 million) at the financial year end.

At the financial year end, there were 76 active VCT qualifying and 20 non-qualifying companies held in the portfolio. These investments are spread across 25 different sectors. Many of the businesses invested in are cash generative and operate with strong balance sheets. The Investment Manager continues to focus on a select number of key metrics in order to monitor and assess the financial health of these businesses. Historically, investment has been committed to new companies which are profitable at the time of first investment, although in light of the new State Aided funding rules, VCT qualifying investments are now being made in earlier stage businesses, many of which may not be profitable at the time of investment.

In the year to 30 September 2019, a total of £20.3 million was realised through the sale of investments while £24.3 million (after costs) was raised from an Offer for Subscription. Approximately, £23.1 million was deployed in new investments and approximately £8.0 million was paid out as dividends to Shareholders. A further £4.4 million was spent on the operating costs of the Company and £4.4 million on share buybacks.

Over the 12 months to 30 September 2019, there was a net loss on investments of £10.5 million and the total loss on ordinary activities was £12.2 million, equivalent to negative earnings of 9.8 pence per share. The profit on the revenue account was £1.0 million.

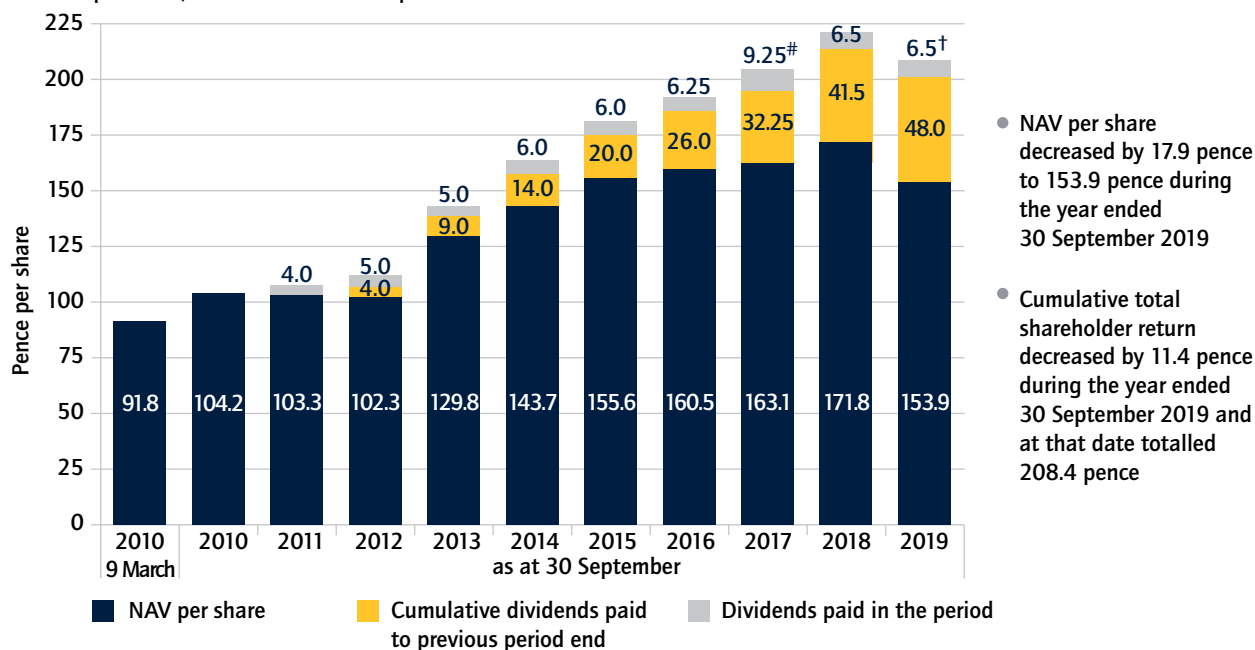
Since the merger with Unicorn AIM VCT II plc, which was completed in March 2010 when all previous share classes merged, the total return to Shareholders has been 127.0%, including the payment of 54.5 pence per share in dividends, which have been tax free to qualifying Shareholders.

Strategic Report

Key Performance Indicators

The bar charts below display the key indicators that the Board uses to measure the Investment Manager's performance, thereby helping Shareholders to assess how the Company is performing against its objective:

■ NAV per share, cumulative dividends paid & cumulative total Shareholder return*



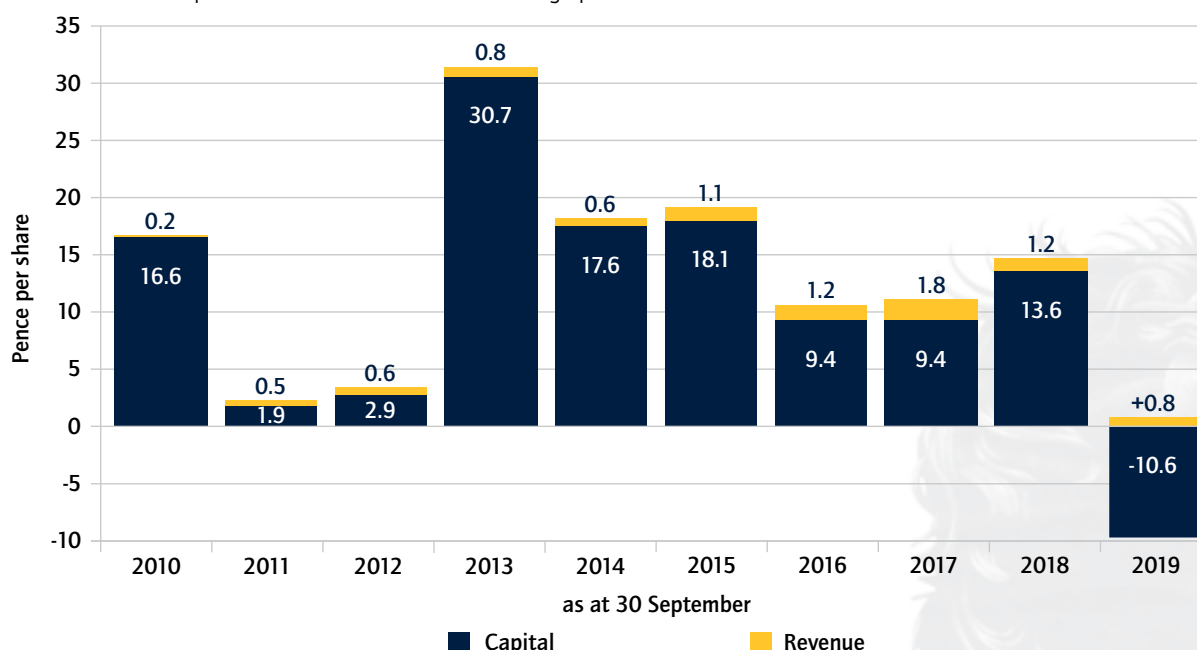
* The cumulative total Shareholder return since the merger of the Company with Unicorn AIM II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 116.6 pence representing the cumulative dividends paid of 54.5 pence plus the increase in NAV per share of 62.1 pence since that date.

[#] Including 6.25 pence final dividend paid on 3 February 2017 and 3.0 pence interim dividend paid on 11 August 2017.

[†] Including 3.0 pence interim dividend paid on 9 August 2019.

■ Earnings per share*

The earnings per share for the year ended 30 September 2019, together with those of previous financial years since the merger with Unicorn AIM VCT II plc in March 2010 are outlined in the graph below:

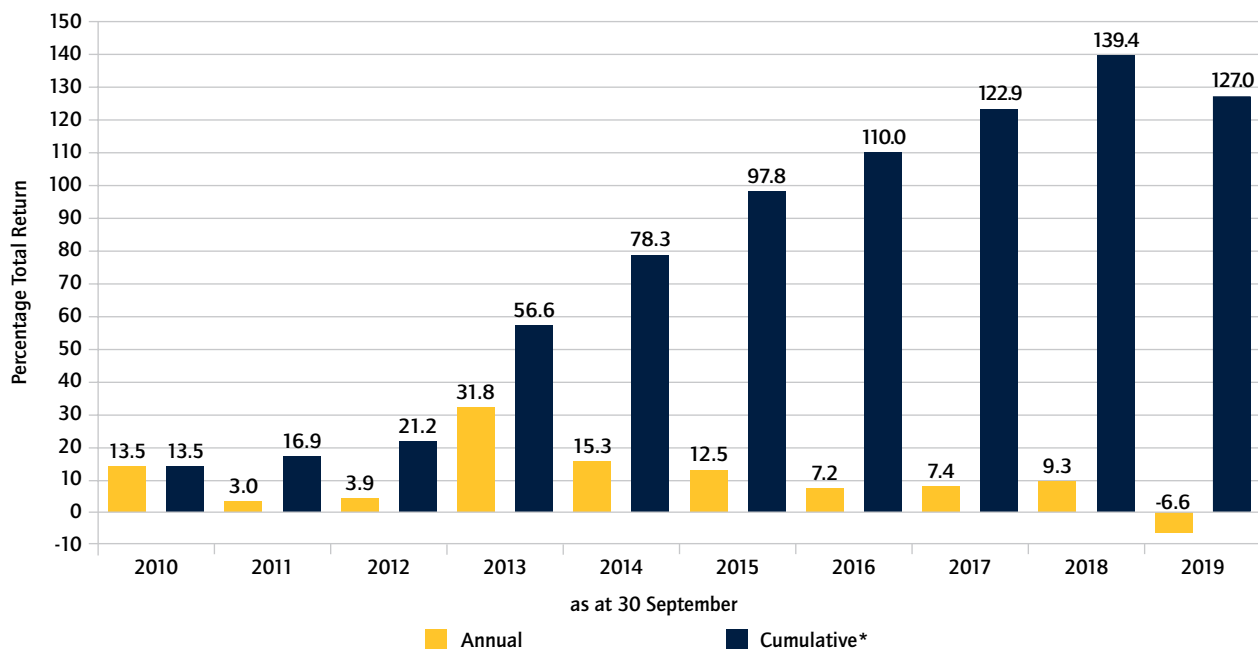


* Total earnings including unrealised gains/(losses) on investments after taxation divided by weighted average number of shares in issue.

The results are broadly in line with expectations and the Board is satisfied with the Company's performance, although disappointed by the reduction in the NAV per share.

Strategic Report

■ Annual and cumulative total return



* The cumulative total return is based on the total return since the merger of the Company with Unicorn AIM II plc on 9 March 2010 when the NAV was 91.8 pence.

■ Running Costs

The Ongoing Charges of the Company for the financial year under review represented 2.3% (2018: 2.2%) of average net assets, which is well below the agreed cap of 2.75% and remains competitive against other VCTs.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in Shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future. The costs of trail commission paid to intermediaries of £148,000 is not included in this calculation.

Under the revised management agreement effective from 1 October 2018 and as shown in note 3 on page 53, the Investment Manager receives a management fee of 2% per annum of net assets up to £200 million and 1.5% per annum of net assets in excess of £200 million (excluding investments in OEICs managed by the Investment Manager). Other expenses are shown in note 4 on page 54.

Further information in respect of the Company's performance can be found in the Financial Highlights on page 1.

Key Events during the Year

The Company raised £24.3 million (after costs) through the Offer for Subscription and issued 16,707,794 shares, details of which are given in note 13 on page 59.

Key Policies

The Board sets the Company's policies and objectives and ensures that its obligations to Shareholders are met. Besides the Investment Policy already referred to, the other key policies set by the Board are outlined below.

■ Dividend policy

The Board remains committed to a policy of maintaining a steady flow of dividend distributions to Shareholders from the income and capital gains generated by the portfolio. Total dividends of 6.5 pence per share were paid during the year, which amounted to £8.0 million. Since the original launch of Unicorn AIM VCT in 2001, Shareholders have, in aggregate, received approximately £67.5 million in dividend distributions, including those paid to former shareholders in Unicorn AIM VCT II plc.

The ability to pay dividends and the amount of such dividends is at the Board's discretion and is influenced by the performance of the Company's investments, available distributable reserves and cash, as well as the need to retain funds for further investment and ongoing expenses.

The Company paid an interim dividend during the year of 3.0 pence per share on 9 August 2019.

The Directors are recommending a final dividend of 3.5 pence for approval at the Annual General Meeting to be held on 30 January 2020. This would bring total dividends to 6.5 pence for the year under review.

Details of the Company's Dividend Reinvestment Scheme are outlined on page 67.

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■ Share buybacks and discount policy

The Board believes that it is in the best interests of the Company and its Shareholders to make market purchases of its shares from time to time.

There are three main advantages to be gained from maintaining a flexible approach to share buybacks; namely:

- i) Regular share buybacks provide a reliable mechanism through which Shareholders can realise their investment in the Company, rather than being reliant on what is typically a limited secondary market.
- ii) Share buybacks, when carried out at a reasonable discount to underlying net assets, help modestly to enhance NAV per share for continuing Shareholders.
- iii) Implementing share buybacks on a regular basis should help to control the discount to NAV.

The Board agrees the level of discount to NAV at which shares will be bought back and keeps this under regular review. The Board seeks to maintain a balance between the interests of those wishing to sell their shares and continuing Shareholders.

The Company has continued to buy back shares for cancellation at various points throughout the financial year in accordance with the above policy. A total of 3,273,771 shares with a nominal value of £32,738 were purchased for cancellation during the course of the year, at an average price including costs of 135.3 pence per share, for a total consideration of £4.4 million. At the financial year end, the Company's shares were quoted at a mid price of 137.0 pence per share representing a discount to NAV per share of 11.0%. This was before the announcement of the upward revaluation in unquoted investments following the year end.

The Board intends to continue with the above buyback policy. Any future repurchases will be made in accordance with guidelines established by the Board from time to time and will be subject to the Company having the appropriate authorities from Shareholders and sufficient funds available for this purpose. Share buybacks will also be subject to prevailing market conditions, Market Abuse Rules and any other applicable law at the relevant time. Shares bought back are normally cancelled.

■ Principal risks and uncertainties

The Directors have carried out a review of the principal risks faced by the Company as part of the internal controls process, as outlined below. Note 17 to the Financial Statements on pages 60 to 65 also provides information on the Company's financial risk management objectives and exposure to risks.

| Risk | Possible consequence | How the Board guards against risk |
|--------------------------------------|--|--|
| Investment and strategic risk | Unsuitable investment strategy or share or investment selection could lead to poor returns to Shareholders. | <ul style="list-style-type: none"> • Regular review of investment strategy by the Board. • Monitoring of the performance of the investment portfolio on a regular basis. • All unquoted investments require prior investment authorisation from the Board. |
| Regulatory and tax risk | The Company is required to comply with the Companies Act 2006, ITA, AIFMD (as applicable to small registered UK AIFMs), UKLA Rules and UK Accounting Standards. Breaching these rules may result in a public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the ITA. Should this occur, Shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gains received if they dispose of their shares. | <ul style="list-style-type: none"> • Regulatory and legislative developments are kept under close review by the Board. • The Company's VCT qualifying status is continually reviewed by the Investment Manager and the Administrator. • PricewaterhouseCoopers LLP has been retained by the Board to undertake an independent VCT status monitoring role. |
| Operational risk | The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation of assets. | <ul style="list-style-type: none"> • Internal control reports are provided by service providers on an annual basis. • The Board considers the performance of the service providers annually and monitors activity on a monthly basis. • The Board discusses succession planning with its service providers. |

Strategic Report

| Risk | Possible consequence | How the Board guards against risk |
|---|--|---|
| Fraud and dishonesty risks | <p>Fraud involving Company assets may occur, perpetrated by a third party, the Investment Manager or other service provider.</p> <p>Cyber attacks on the Company could lead to financial loss and impact the Company's reputation.</p> <p>Cyber attacks on the Company's investee companies could affect the value of the Company's investments.</p> | <ul style="list-style-type: none"> Internal control reports are provided by service providers on a regular basis. The Administrator is independent of the Investment Manager. The Board engaged a cyber-security firm to review the Company's systems and those of its suppliers in the previous year. |
| Financial Instrument risks | <p>The main risks arising from the Company's financial instruments are due to fluctuations in their market prices, interest rates, credit risk and liquidity risk.</p> | <ul style="list-style-type: none"> The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 17 on pages 60 to 65. |
| Economic, Brexit and political risks | <p>Events such as recession, inflation or deflation, movements in interest rates and technological change can affect trading conditions and consequently the value of the Company's investments.</p> <p>The withdrawal of the UK from the European Union creates significant uncertainty in markets and regulatory environments which may affect the value of the Company's investments.</p> <p>Other geopolitical issues may affect the Company's performance at both macro and micro economic level.</p> | <ul style="list-style-type: none"> While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst seeking to maintain adequate liquidity. |

The Regulatory Environment

The Board and Investment Manager are required to consider the regulatory environment when setting the Company's strategy and making investment decisions. A summary of the key considerations is outlined below.

Human rights

The Board seeks to conduct the Company's affairs responsibly and expects the Investment Manager to consider human rights implications when making investment decisions.

Recruitment and succession planning

During the year the Board identified the need to refresh its composition through the recruitment of a new Director. The process was undertaken by a committee comprising Jocelin Harris, Jeremy Hamer and led by Charlotta Ginman. Nurole were engaged to seek suitable applicants and provided a shortlist of candidates for interview. Timothy Woodcock was subsequently appointed on 10 June 2019. As stated in the Chairman's Statement on page 4, Peter Dicks will retire from the Board during the coming year.

Diversity

The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity. Appointments to the Board are made according to expertise and knowledge. Following the appointment of Timothy Woodcock during the year, the Board comprises four male and one female non-executive Directors and the Board has confirmed that it is planned that the Chairman will retire during the current year.

Anti-bribery, corruption and tax evasion policy

The Company has adopted a zero tolerance approach to bribery, corruption and the facilitation of tax evasion in its business activities and will not tolerate these under any circumstances in any transaction in which it is involved. The Company values its reputation for ethical behaviour and for financial probity and reliability and the Directors are committed to working to the highest ethical standards.

The Company expects and requires each of its service providers to work to the same standard and has obtained confirmation from them that this is the case.

Environmental and social responsibility

The Board seeks to conduct the Company's affairs responsibly and expects the Investment Manager to consider relevant social and environmental matters when appropriate, particularly with regard to investment decisions. The Company offers electronic communications where acceptable, to reduce the volume of paper it uses in sending communications to Shareholders. In addition, Board and Committee meetings are held by conference call where it is appropriate to do so. The Company's Annual and Half-Yearly reports are printed on paper sourced from forests certified by the Forestry Stewardship Council ("FSC") that meet environmental, social and economic standards.

Strategic Report

Viability Statement

The Board has considered the requirement to confirm that the Company is able to meet all liabilities when due and that it can continue to operate for a period of at least twelve months from the date of signing the Annual Report. The Directors state on page 31 that they consider the Company is a going concern over this timeframe.

Under the UK Corporate Governance code there is a requirement that the Board performs a robust assessment of the principal risks relating to the Company. The last review was performed in July 2019.

The Directors have considered the viability of the Company as part of their continuing programme of monitoring risk and conclude that five years is a reasonable time horizon to consider the continuing viability of the Company. This is also in line with the requirement for the Company to continue in operation so investors subscribing for new shares issued by the Company can hold their shares for the minimum five year period to allow them to benefit from the tax incentives offered when those shares were issued. The last allotment of shares being in April 2019.

In order to maintain viability, the Company has a detailed risk control framework which has the objective of reducing the likelihood and impact of: poor judgement in decision-making, risk-taking that exceeds the levels agreed by the Board, human error, or control processes being deliberately circumvented. These controls are reviewed by the Board on a regular basis to ensure that controls are working as prescribed. In addition, formal reviews of all service providers are undertaken annually and activity is monitored at least monthly.

The Directors consider that the Company is viable for the five year time horizon for the following reasons:

- At the year end the Company had a diversified investment portfolio in addition to its VCT qualifying investments comprising: £19 million invested in non-qualifying, fully listed shares which are readily realisable and a further £16 million in open ended funds and cash. The Company therefore has sufficient immediate liquidity in the portfolio for any near term requirements.
- The ongoing charges ratio of the Company as calculated using the AIC recommended methodology equates to 2.3% of net assets, which is competitive for the VCT sector.
- The Board anticipates that there will continue to be suitable qualifying investments available that will enable the Company to maintain its operations successfully over the five year time horizon.
- The Company has no debt or other external funding apart from its ordinary shares.

The Directors have also considered the viability of the Company should there be a slowdown in the economy or a correction of the markets leading to lower dividend receipts and asset values. As stated above, Ongoing Charges equate to 2.3% of net assets of which the Investment Management fee (as reduced by the Company's investment in Unicorn funds) equates to 2.0% of net assets up to £200 million and 1.5% of net assets in excess of £200 million. Therefore, any fall in the value of net assets will result in a corresponding fall in the major expense of the Company.

The Directors have concluded that there is a reasonable expectation that the Company can continue in operation over the five year period.

Prospects

The prospects for the Company are discussed in detail in the Outlook section of the Chairman's Statement on page 4.

For and on behalf of the Board

Peter Dicks

Chairman

3 December 2019



Investment Manager's Review

Introduction

The financial year ended 30 September 2019 proved to be a challenging period for the Alternative Investment Market and, as a result, the Company struggled to make headway, ultimately failing to deliver a positive total return to Shareholders for the first time in ten years. Although it is always disappointing to report on a year during which total returns have been negative, it is nonetheless encouraging to note that performance overall was relatively resilient. The decline in value experienced by the Company was significantly less than the fall suffered by the FTSE AIM All-Share Index over the same time period, which highlights the strength derived from constructing and managing a diverse but balanced portfolio of investments.

As at 30 September 2019, the audited net assets of the Company amounted to £201.1 million (30 September 2018: £201.4 million), and the audited net asset value per share ("NAV") was 153.9 pence. After adding back the 6.5 pence per share of dividends paid during the period, the total return declined by 11.4 pence per share, representing a decrease of 6.6% upon the opening net asset value of 171.8 pence per share.

Market Review

The twelve month period ended 30 September 2019 was notable for heightened levels of political turmoil and endless Brexit related drama, which have inevitably begun to take their toll on UK economic growth, while simultaneously further dampening investor enthusiasm for UK equity markets. All of the main UK equity markets encountered periods of significant volatility during the course of the period under review and this erratic performance was particularly evident in the Alternative Investment Market.

During the period, the FTSE 100 Index ultimately managed to register a modestly positive total return of 3.2%. This outcome can largely be attributed to the global nature of most of its constituents, which continued to benefit from sustained weakness in the value of Sterling. Smaller quoted companies, which are generally much more focused on the domestic economy, found life considerably tougher and, in many cases, the struggle to generate sufficient profit growth to support valuation multiples proved too great. The incidence of profit warnings and business failures increased noticeably as the financial year progressed, with the demise of iconic brands such as Thomas Cook being particularly notable. Although not as high profile, companies listed on the Alternative Investment Market also suffered, as investor appetite for risk waned and trading conditions deteriorated.

Having started the period under review at a level in excess of 1228 points, the FTSE AIM All-Share Total Return Index fell sharply in the three month period to the end of December 2018. Despite recovering significantly in the first half of 2019, the Index came under further pressure in the three months to 30 September 2019. As a result, the Index closed the period under review at a level close to 990 points which, in total return terms, represented a decline approaching 20%.

Performance Review

The majority of the Company's total assets are invested in VCT qualifying, AIM-listed companies and, given the steep falls experienced by the FTSE AIM All-Share Index during the period, it is unsurprising that the overall performance of the portfolio also suffered.

The period under review started particularly poorly for both UK equity markets and for the Company's investment portfolio. Investor sentiment deteriorated markedly from the beginning of October 2018, as political divisions deepened over how best to implement Britain's exit from the European Union. In times of heightened volatility, it is normal to see levels of risk aversion increase and, during the first quarter of the Company's financial year, equity markets fell sharply, which was reflected in a decline in the NAV of 17.5%. In the following six months to 30 June 2019, equity markets stabilised and the value of the portfolio also recovered, with the NAV increasing by 16.2%. During this period, there was also a strong contribution to performance from meaningful uplifts in the value of two investments in unquoted companies. In the final quarter of the year under review however, equity markets once again came under pressure, and this was reflected in an overall decline in the NAV of 6.6%.

The investment environment has been challenging for a variety of well-understood and previously discussed reasons. Encouragingly however, most of the declines in value experienced by portfolio holdings during the year were related to economic factors or market declines, rather than being self-inflicted issues caused by poor execution of operational or financial plans.

Despite the many and significant headwinds, portfolio performance remained relatively resilient. Although the incidence of profit warnings increased, the negative impact of these setbacks was partially offset by robust performance delivered by a meaningful proportion of the AIM-listed holdings in the portfolio. In addition, significant uplifts to the carrying values of two unquoted investee companies were made; Hasgrove and Interactive Investor, reflecting their strong and continued growth during the course of the year under review.

Reflecting the challenging market conditions, it has also been a quiet period for AIM Initial Public Offerings (IPOs). During the financial year, the Company participated in only one IPO (Renalytix) of a VCT qualifying company. Encouragingly, this investment has proved worthwhile, making a meaningfully positive initial contribution to performance.

The investment portfolio remains diversified both by number of holdings and by sector exposure. At the financial year end, the Company held investments in 76 active VCT qualifying companies and 20 non-qualifying investments. These investments are spread across 25 different sectors.

Investment Manager's Review

Qualifying Investments

A review of the ten most meaningful contributors to performance from quoted VCT qualifying investments (both positive and negative) follows:

(bracketed figures represent the share price movement for the year under review, or since the date of investment, on a mid-price basis)

Abcam (-20.1%) is a global leader in the supply of research tools to the life sciences sector. Despite releasing financial results for its financial year ended 30 June 2019, which reported another year of strong operational and financial performance, Abcam's share price fell quite sharply over the course of the year. Although total revenues increased by 11.4% to £259.9 million, adjusted earnings per share only gained by 0.6% to 32.6p. This result was regarded as being disappointing by the majority of shareholders and analysts. Abcam, however, remains a cash generative business, reporting a net operating cash inflow of £70.2 million in its financial year ended 30 June 2019. This strong free cashflow is needed, however, to enable management to execute on an ambitious investment programme designed to facilitate future growth. In the next five years it is expected that the business will spend up to £225 million, as part of a plan designed to increase revenues to £450 million per year. This is generally considered to be a relatively high risk strategy and, as a consequence, Abcam's share price has been under pressure. We have made numerous partial disposals of Abcam shares since first investing in November 2005. This process continued in the financial year under review, which reflects the Investment Manager's prudent approach to managing stock specific risk.

AB Dynamics (+29.1%) supplies advanced testing systems to the global automotive manufacturing industry, designed to assist research and development and improve production quality control. In its results for the financial year ended 31 August 2019, AB Dynamics reported strong growth in revenues of 56% to £58.0 million, while adjusted earnings per share increased by 50% to 55.4p. Continued strong cash generation resulted in net cash increasing by 127% to £36.2 million (2018: £15.9 million) at the financial year end and the Board have therefore proposed a 20% increase in the total dividend for the year to 4.4p. AB Dynamics continues to experience good order growth and the new Chief Executive is therefore increasing investment in new product development and operational capability in order to meet anticipated future demand.

Anpario (-33.3%) is an international producer and distributor of natural animal feed additives used for animal health, nutrition and biosecurity. Anpario's interim results recorded a recovery in trading conditions across a number of its international markets. Group sales in the six months to 30 June 2019 were broadly the same as in the equivalent period last year, but the impact of African Swine Fever in China, together with the trade dispute between the

US and China, created tougher than expected trading conditions in Asia. This was significantly offset by a strong recovery in Latin American and Middle East markets and continued progress in the US. These trends highlight the benefit of geographic diversity and the underlying resilience of the business. Profit before tax rose by 1% to £2.3 million (2018: £2.2 million). Basic earnings were unchanged at 9.16 pence per share while diluted earnings increased 3% to 8.88 pence per share (2018: 8.66 pence). Encouragingly, the Board has recommended a 14% increase in the interim dividend to 2.5 pence per share (2018: 2.2 pence) reflecting confidence in the future.

Augean (+110.4%) is one of the UK's leading specialist waste management businesses. In its financial results for the half year ended 30 June 2019, Augean reported a continued recovery in its key markets, with revenues up 40% to £44.2 million (June 2018: £31.6 million) and adjusted profit before tax increasing by 100% to £9.6 million (June 2018: £4.8 million). As a result, net cash grew substantially to £22.8 million (December 2018: £8.2 million). The Board of Augean continues to anticipate that market expectations for the full year will be exceeded. As previously reported, Augean has received landfill tax assessments from HMRC for a total of £34.7 million (£37.3 million including interest) and may receive additional assessments for other time periods until the decision of the Tax Tribunal is known. The initial Tax Tribunal report is expected at some time during 2020. In the meantime, 'hardship' has been awarded, which means that no cash payment will be required to be paid by Augean before the conclusion of the tribunal process. As previously announced, all assessments have been appealed. Augean maintains its position that all landfill tax has been correctly collected and, based on legal advice received, the Board intends to robustly defend the company against all assessments. In view of the legal advice received, no provision has been made against the assessments.

Cohort (+33.2%) is the parent company of five technology businesses providing a wide range of services and products for British, Portuguese and International customers in defence & security markets. In a recently released AGM Statement, the Board of Cohort confirmed that the Group continues to make progress. As at 31 August 2019, the Group's order book stood at £210.9 million (compared to £190.9 million at 30 April 2019), which means that 76% of the current financial year's forecast revenue is already covered by firm orders. The growth in the order book is encouraging, while the longer term outlook for Cohort also appears healthy, underpinned by a strong pipeline of order prospects.

Keywords Studios (-41.2%) is a provider of technical services to the global video games industry. In its half year to 30 June 2019, revenue, including contributions from acquisitions, increased by 39.3% to €153.2 million (H1 2018: €110.0 million), while like-for-like revenue increased by 17.3% to €146.4 million (H1 2018:

Investment Manager's Review

€124.8 million). Gross profit margin fell to 36.1% (H1 2018: 37.4%) as a result of increased costs associated with a rapid increase in recruitment, more intensive staff training and a significant increase in office facilities. Additional costs were also incurred in servicing a significant project that had been brought into Keywords through an acquisition. Despite these additional costs, profit before tax increased by 14.3% to €18.4 million (H1 2018: €16.1 million), while adjusted earnings per share were broadly flat at €0.18 (H1 2018: €0.18) as a consequence of a higher tax charge. As a sign of confidence in future prospects, the interim dividend was increased by 10% to 0.58p per share (H1 2018: 0.53p). Trading in the second half of Keywords' financial years is reported to have started well.

MaxCyte (-49.4%) is a cell-based medicines and life sciences company that has developed a patented, high-performance, cell-engineering platform, which is increasingly being used by biopharmaceutical companies engaged in drug discovery, particularly in the field of cell therapy, gene editing and immunology. In its financial results for the half year ended 30 June 2019, MaxCyte confirmed continued strong operational progress having signed licences with over 80 cell therapy partners. As a consequence, revenues increased by 21% to c. \$8.4 million. As an early stage biotechnology business, MaxCyte remains loss-making, having invested significant financial resource into developing its potentially transformational CARMA platform, which is a unique and proprietary form of cell therapy. In February 2019, MaxCyte raised a further £10 million from investors and as at 30 June 2019 the company held \$14.9 million in net cash. Although it is anticipated that the company will continue to make progress for the remainder of its current financial year, its share price has suffered due to uncertainty regarding the funding required to successfully commercialise its CARMA technology. The Board of MaxCyte is currently focused on securing a long term solution to this funding requirement.

Surface Transforms (+44.1%) is a specialist in the development and production of carbon-ceramic materials and the UK's only manufacturer of carbon-ceramic brakes for automotive use. In Surface Transforms' (ST) financial year ended 31 May 2019, revenues decreased by £0.36 million to £1 million (2018: £1.36 million), while gross margin reduced to 61.6% (2018: 67.4%). Losses after adjustments increased to £1.56 million (2018: £1.38 million). Cash used in operating activities was £2.20 million (2018: £2.17 million), while net cash improved to £1.93 million (2018: £0.92 million), following two successful funding rounds, which raised £3.3 million net. These financial results do not reflect the progress made toward the full commercialisation of ST's advanced ceramic brake products. It was therefore highly encouraging that, post financial year end, ST announced it had been awarded an €11.8 million contract over seven years from a major German automotive manufacturer, as well as a £6 million contract over three years from a British specialist

automotive manufacturer. These contract awards have been transformational in the development of the business. ST now has multi-year, multi-million pound revenue contracts and expects to reach break-even point for the first time during calendar year 2020.

Tracsis (-10.7%) is a provider of software and services for the rail, traffic data and transportation industry. The results for its financial year ended 31 July 2019 showed revenues had increased by 24% to £49.2 million, adjusted EBITDA increased by 12% to £10.5 million and the dividend for the year increased by 13.1% to 1.8 pence per share. Cash balances remained strong at £24.1 million (2018: £22.3 million), which is after paying c. £9 million in respect of three acquisitions made in the financial year.

ULS Technology (-61.3%) is a provider of online technology platforms for the UK conveyancing and financial intermediary markets. Against a difficult market backdrop, the Group has broadly managed to maintain profits while continuing to invest for future growth. In the financial year to 31 March 2019, revenues were down marginally at £30.0 million (FY 2018: £30.7 million), while underlying profit before tax was also slightly lower at £5.4 million (FY 2018: £5.5 million). Net debt increased in the year to £2.9 million (FY 2018: £1.9 million), primarily as a result of continued investment in DigitalMove, which is a new product designed to enable everyone involved in the conveyancing process to communicate and collaborate with each other. The Board of ULS proposed a dividend of 1.20 pence per share taking the total for the year to 2.40 pence per share (FY 2018: 2.30 pence per share). The challenges in the wider UK housing market remain severe, and in September the Board announced that ULS had been unsuccessful in re-tendering for an existing contract. The loss of this contract is expected to have an impact of up to £0.5 million on profit before tax in the financial year ended 31 March 2021. Understandably, the share price experienced further weakness as a result of this announcement, however the Group is in a strong, profitable and cash generative position, and is therefore well positioned for when the housing market picks up.

Unquoted Investments

It is pleasing to report that two VCT-qualifying investments in unquoted companies have been the subject of further uplifts to their respective carrying values as a consequence of successful trading and significant growth over the past twelve months. The two companies concerned are Hasgrove and Interactive Investor.

Hasgrove (+128.1%) is the name of the holding company under which lies an operating company called Interact. Interact is a Software as a Service business offering state of the art corporate intranets to businesses around the world. The scale and rate of growth in winning new, high value contracts remains impressive. Momentum in the business is being maintained and Interact is now an increasingly profitable and cash generative business having transitioned over the past three years from a Perpetual Licence

Investment Manager's Review

revenue model to a SaaS model, resulting in rapidly increasing monthly, recurring revenues. As a consequence, the carrying value of the Hasgrove shares in the portfolio has been increased twice during the course of the year under review, from 384 pence per share to 876 pence per share; a total increase of 128%, equating to an unrealised capital gain for the year of £8.2 million.

Interactive Investor (+130.9%) is an online investment platform that provides retail investors with independent financial information, together with a trading and portfolio management platform which enables them to self-manage their investments. In the past twelve months, Interactive has completed two major acquisitions and successfully disposed of a non-core asset. The business now has significantly greater scale, is consistently profitable and continues to demonstrate strong growth.

At the 2017/18 financial year end, the Company's stake in Interactive was held in the portfolio at a carrying value of £78.40 per share. As a consequence of the successful integration of the first acquisition and subsequent increase in Assets under Administration, the shares of Interactive have been subject to two valuation uplifts during the course of the financial year under review. In recognition of IPEVC Valuation Guidelines, the carrying value of this investment is now measured in comparison with its quoted peer group, with a substantial discount subsequently applied in recognition that Interactive remains a privately held business in which your Company only holds a small minority stake. As at 30 September 2019, the carrying value of the shares was £181.00 per share. This represents an uplift in value of over 130% and equates to an unrealised capital gain during the financial year of £8.1 million.

Non-Qualifying Investments

(bracketed figures represent the total return for the year under review)

The non-qualifying investments held by the Company are typically in larger, more liquid quoted companies that are listed on the FTSE 350 Index. Non-qualifying investments are held in the portfolio in lieu of cash, in order to generate additional dividend income for future distribution to Shareholders, while awaiting suitable VCT qualifying investment opportunities. In the main, these investments performed satisfactorily, albeit it has been difficult to generate meaningful capital gains in the period under review, given difficult market conditions. The strongest contributors to performance in total returns terms were; Communisis (+35.1%), GlaxoSmithKline (+6.6%) and Royal Dutch Shell (+4.5%).

In contrast, the three largest detractors from performance were; Babcock, Renold and Victrex, which registered total returns in the period under review of (-18.7%), (-42.5%) and (-30.9%) respectively.

Investment Activity

In terms of new investment activity, the number and quality of available investment opportunities reduced during the course of the year. This reduced level of deal flow could potentially cause problems with regard to the Company's ability to maintain its VCT Status. It is for this reason that the amount of new capital raised under Offers for Subscription is carefully considered. In the tax year to April 2019, the Company successfully raised £24.3 million net of costs, of which £3.7 million has already been deployed in funding VCT qualifying companies. The Investment Manager adopts this cautious approach in order to remain selective with regard to the companies in which it invests.

During the period under review, two new VCT-qualifying investments were made in Phynova and Renalytix AI, at a total cost of £2.5 million.

Phynova is a privately owned life sciences company that develops proprietary natural healthcare products from active compounds found in plants.

Renalytix AI is a business specialising in the development of artificial intelligence enabled, clinical decision tools, designed to improve risk assessment and clinical care in kidney disease, which is currently one of the largest and costliest medical conditions globally.

These businesses appear to be on the cusp of significant growth, although it is important to emphasise that each is at a relatively early stage in development and therefore both businesses may require further financial support before they are able to achieve profitability.

Follow-on investments were made in a number of existing investments, which remained eligible for further State Aided funding. A total of £4.6 million of new capital was allocated to these investee companies in order to help finance their ongoing expansion plans.

In aggregate, almost £20.3 million was raised from the full and partial disposal of a number of holdings during the period. As a reminder, the purpose of such disposals is threefold; to ensure stock specific risk is contained, to lock in capital profits for future distribution to Shareholders via dividend payments and to help manage liquidity requirements.

Given the challenging market conditions experienced in the period under review, together with an uncertain economic and political outlook, it is heartening that our most recent Offer for Subscription was fully subscribed, attracting strong support from both existing Shareholders and new investors. The new monies raised will enable the Investment Manager to continue the established and successful strategy of selectively growing the existing portfolio of investments, while providing much needed capital to emerging 'scale-up' businesses, which, in turn, should create further employment opportunities and, over time, generate meaningful additional tax revenues for HM Treasury.

Investment Manager's Review

Realisations

Three AIM-listed companies were acquired during the period; following receipt of takeover approaches. The net proceeds from these realisations amounted to £5.0 million, realising an aggregate capital gain on investment cost of £1.4 million. In recent months, there has been an increase in the level of merger & acquisition activity and it is possible that this trend will continue, especially if the value of Sterling remains relatively weak. A number of other partial disposals in qualifying holdings together with full and partial disposals in non-qualifying investments were also made. These transactions generated total proceeds of £15.3 million and an aggregate capital profit of £4.6 million. The total value of all disposals made during the period therefore amounted to £20.3 million. Including partial disposals, the total realised capital gain from the sale of investments amounted to £6.0 million.

Prospects

The financial year to 30 September 2019 was challenging for the UK equity market and for the FTSE AIM All-Share Index in particular. The Company has not been immune from these difficulties, despite performance overall proving to be relatively resilient.

The current financial year has begun in similar vein and trading conditions for smaller, domestically focused businesses may remain weak for some time and not improve until it becomes clear how the relationship with the European Union will evolve. As a consequence, investor sentiment towards UK equities is also likely to remain weak for some time to come. This relative undervaluation of UK markets is currently particularly evident in comparison with the US stock market.

In conclusion, there seems little to be gained from speculating on matters outside our control. We therefore remain firmly focused on nurturing the existing portfolio of investments in order to generate healthy returns for Shareholders over the longer term, while simultaneously attempting to avoid too many stock specific disappointments over the shorter term.

As ever, the continued support of our Shareholders is greatly appreciated and we look forward to meeting as many of you as possible at the forthcoming Annual General Meeting, which is to be held at The Charterhouse on 30 January 2020.

Chris Hutchinson

Unicorn Asset Management Limited

3 December 2019

Top Ten Investments

at 30 September 2019 with prior year comparative values

| | 30 September 2019 | | | | 30 September 2018 | | | |
|----------------------|--------------------|----------------------------|--------------------|--------------------------------|--------------------|---------------------------|--------------------|--------------------------------|
| | Book cost £'000 | Original* cost £'000 | Valuation £'000 | % of net assets by value | Book cost £'000 | Original cost £'000 | Valuation £'000 | % of net assets by value |
| Hasgrove | 1,329 | 1,854 | 14,602 | 7.3 | 1,329 | 1,854 | 6,401 | 3.2 |
| Interactive Investor | 3,447 | 3,447 | 14,319 | 7.1 | 3,447 | 3,447 | 6,202 | 3.1 |
| Abcam | 1,241 | 418 | 14,287 | 7.1 | 1,390 | 468 | 20,048 | 10.0 |
| Tracsis | 1,500 | 1,462 | 9,817 | 4.9 | 1,500 | 1,462 | 11,715 | 5.8 |
| Mattioli Woods | 1,627 | 1,275 | 6,759 | 3.4 | 1,627 | 1,275 | 8,062 | 4.0 |
| Anpario | 1,516 | 1,380 | 6,400 | 3.2 | 1,516 | 1,380 | 9,600 | 4.7 |
| Cohort | 1,278 | 1,553 | 6,312 | 3.1 | 1,278 | 1,553 | 4,740 | 2.4 |
| City Pub Group | 3,565 | 3,565 | 5,894 | 2.9 | 4,250 | 4,250 | 7,335 | 3.6 |
| AB Dynamics | 793 | 793 | 5,250 | 2.6 | 831 | 831 | 3,197 | 1.6 |
| Tristel | 878 | 866 | 4,711 | 2.3 | 878 | 866 | 4,809 | 2.4 |
| Total | 17,174 | 16,613 | 88,351 | 43.9 | 18,046 | 17,386 | 82,109 | 40.8 |

* The assets and liabilities of Unicorn AIM VCT II plc were acquired at fair value in March 2010 and those of Rensburg AIM VCT plc on 11 January 2016, forming part of book cost. Original cost shows the original amount invested in each investee company by the Company, Unicorn AIM VCT II plc and Rensburg AIM VCT plc.

Where part of a holding has been sold during the year a proportion of the cost has been deducted.



Investment Portfolio Summary

| | Date of first investment | Book cost £'000 | Original cost £'000 | Valuation £'000 | Valuation basis | Type of security |
|---|--------------------------|-----------------|---------------------|-----------------|-----------------|------------------|
| Qualifying investments | | | | | | |
| AIM quoted investments | | | | | | |
| Abcam Producer and distributor of high quality protein research tools | Oct 2005 | 1,241 | 418 | 14,287 | Bid price | Ordinary shares |
| Tracsis Developer and supplier of resource optimisation and data capture technologies to the transport industry | Nov 2007 | 1,500 | 1,462 | 9,817 | Bid price | Ordinary shares |
| Mattioli Woods Consultants in the provision of pension and wealth management services | Nov 2005 | 1,626 | 1,274 | 6,758 | Bid price | Ordinary shares |
| Anpario Manufacturer of natural feed additives for global agricultural markets | Nov 2006 | 1,516 | 1,380 | 6,400 | Bid price | Ordinary shares |
| Cohort Provision of a wide range of technical services to clients in the defence and security sectors | Feb 2006 | 1,278 | 1,553 | 6,312 | Bid price | Ordinary shares |
| AB Dynamics Designer, manufacturer and supplier to the global automotive industry of advanced testing and measurement products for vehicle suspension, brakes and steering | Jan 2016 | 793 | 793 | 5,250 | Bid price | Ordinary shares |
| Tristel Manufacturer of contamination and infection control products | Nov 2009 | 878 | 865 | 4,710 | Bid price | Ordinary shares |
| City Pub Group (formerly The City Pub Company (East) and The City Pub Company (West)) Owner and occupier of pubs located in cities and major towns in the South including London | Oct 2013 | 2,250 | 2,250 | 4,210 | Bid price | Ordinary shares |
| Surface Transforms Developer and producer of carbon-ceramic brakes | Apr 2016 | 2,646 | 2,646 | 4,025 | Bid price | Ordinary shares |
| Avingtrans Provision of precision engineering services | Oct 2004 | 996 | 996 | 4,017 | Bid price | Ordinary shares |
| Access Intelligence Compliance software solutions for the public and private sectors | Dec 2004 | 3,232 | 3,229 | 3,495 | Bid price | Ordinary shares |
| MaxCyte Developer of cell-engineering platforms based on Flow Electroporation technology | Mar 2016 | 3,617 | 3,617 | 3,471 | Bid price | Ordinary shares |
| Directa Plus Producer and supplier of graphene-based products for use in consumer and industrial products | May 2016 | 3,400 | 3,400 | 3,408 | Bid price | Ordinary shares |
| Renalytix AI A developer of artificial intelligence enabled diagnostic solutions | Oct 2018 | 1,500 | 1,500 | 3,000 | Bid price | Ordinary shares |
| Keywords Studios Provider of technical services to the global video game industry | Aug 2013 | 303 | 304 | 2,826 | Bid price | Ordinary shares |
| Animalcare Group Specialist veterinary pharmaceuticals and animal health products | Dec 2007 | 2,401 | 1,625 | 2,436 | Bid price | Ordinary shares |
| Angle Developer of products for use in rare cell diagnostics that enable early, accurate identification of an individual's condition for the prevention, treatment, and monitoring of disease | Jul 2018 | 1,385 | 1,385 | 2,243 | Bid price | Ordinary shares |
| Hardide Advanced tungsten carbide based metal coatings for internal and external surfaces | Aug 2014 | 1,832 | 1,832 | 2,092 | Bid price | Ordinary shares |
| Idox Information and knowledge management software | May 2007 | 1,242 | 1,117 | 2,024 | Bid price | Ordinary shares |
| Instem Data management software for the life sciences sector | Jan 2011 | 985 | 985 | 2,015 | Bid price | Ordinary shares |

| Market sector | % of equity held | % of net assets by value | Date of latest accounts | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets/(liabilities) £'000 | % of equity held by funds managed by Unicorn Asset Management Limited | Website address |
|---------------------------------|------------------|--------------------------|-------------------------|----------------|--------------------------------|--------------------------------|---|----------------------------|
| Pharmaceuticals & biotechnology | 0.6% | 7.1% | 30 Jun '19 | 259,900 | 56,400 | 384,800 | 0.8% | www.abcam.com |
| Software & computer services | 5.7% | 4.9% | 31 Jul '19 | 49,219 | 6,559 | 47,941 | 8.0% | www.tracsis.com |
| Financial services | 3.6% | 3.4% | 31 May '19 | 58,464 | 10,245 | 85,593 | 5.6% | www.mattioli-woods.com |
| Pharmaceuticals & biotechnology | 8.6% | 3.2% | 31 Dec '18 | 28,277 | 4,552 | 33,150 | 10.4% | www.anpario.com |
| Aerospace & defence | 2.9% | 3.1% | 30 Apr '19 | 121,182 | 5,675 | 76,971 | 2.9% | www.cohortplc.com |
| Industrial engineering | 1.1% | 2.6% | 31 Aug '19 | 57,957 | 10,998 | 98,807 | 1.1% | www.abd.uk.com |
| Healthcare equipment & services | 3.7% | 2.3% | 30 Jun '19 | 26,169 | 4,746 | 23,359 | 6.5% | www.tristel.com |
| Travel & leisure | 4.8% | 2.1% | 30 Dec '18 | 45,674 | 2,620 | 78,538 | 10.4% | www.citypubcompany.com |
| Automobiles & parts | 12.3% | 2.0% | 31 May '19 | 1,002 | (2,980) | 6,963 | 12.3% | www.surfacettransforms.com |
| Industrial engineering | 6.2% | 2.0% | 31 May '19 | 105,516 | 3,144 | 69,294 | 6.2% | www.avingtrans.plc.uk |
| Software & computer services | 10.8% | 1.7% | 30 Nov '18 | 8,888 | (1,717) | 10,727 | 10.8% | www.accessintelligence.com |
| Pharmaceuticals & biotechnology | 5.3% | 1.7% | 31 Dec '18 | 13,053 | (6,946) | 9,618 | 5.3% | www.MaxCyte.com |
| Chemicals | 9.4% | 1.7% | 31 Dec '18 | 2,021 | (3,549) | 7,392 | 9.4% | www.directa-plus.com |
| Medical equipment & services | 2.1% | 1.5% | 30 Jun '19 | - | (5,449) | 22,130 | 2.1% | www.renalytixai.com |
| Support services | 0.4% | 1.4% | 31 Dec '18 | 224,957 | 19,817 | 172,549 | 0.4% | www.keywordsstudios.com |
| Pharmaceuticals & biotechnology | 2.8% | 1.2% | 31 Dec '18 | 72,470 | (357) | 86,592 | 2.8% | www.animalcaregroup.co.uk |
| Pharmaceuticals & biotechnology | 1.6% | 1.1% | 30 Apr '19 | 678 | (10,871) | 19,336 | 1.6% | www.angleplc.com |
| Chemicals | 5.8% | 1.0% | 30 Sep '18 | 4,613 | (913) | 5,079 | 5.8% | www.hardide.com |
| Software & computer services | 1.5% | 1.0% | 31 Oct '18 | 67,443 | (29,462) | 49,786 | 1.5% | www.idoxplc.com |
| Software & computer services | 3.5% | 1.0% | 31 Dec '18 | 22,705 | 1,677 | 16,395 | 3.5% | www.instem.com |

Investment Portfolio Summary

| | Date of first investment | Book cost £'000 | Original cost £'000 | Valuation £'000 | Valuation basis | Type of security |
|---|--------------------------|-----------------|---------------------|-----------------|-----------------|------------------|
| Bonhill Group (formerly Vitesse Media) Media and events company focused on the financial and technology sectors | Nov 2007 | 3,160 | 3,400 | 2,009 | Bid price | Ordinary shares |
| ULS Technology Software and services for the property, legal and financial services markets | Jul 2014 | 1,500 | 1,500 | 1,725 | Bid price | Ordinary shares |
| Belvoir Lettings Residential property lettings and sales | Jul 2015 | 1,883 | 1,883 | 1,690 | Bid price | Ordinary shares |
| Immotion Group Provider of 'out of home' virtual reality experiences | Jul 2018 | 1,950 | 1,950 | 1,625 | Bid price | Ordinary shares |
| Stride Gaming Multi branded on-line bingo operator | May 2015 | 1,400 | 1,400 | 1,570 | Bid price | Ordinary shares |
| LightwaveRF A pioneer of the smart home technology sector | Dec 2017 | 2,616 | 2,616 | 1,451 | Bid price | Ordinary shares |
| Trackwise Designs Manufacturer, to customer specification, of specialist products using printed circuit technology | Jul 2018 | 1,750 | 1,750 | 1,217 | Bid price | Ordinary shares |
| Creo Medical A medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery | Aug 2018 | 1,000 | 1,000 | 1,152 | Bid price | Ordinary shares |
| HML Holdings Residential property management | Jul 2007 | 431 | 833 | 1,143 | Bid price | Ordinary shares |
| Escape Hunt Global provider of live 'escape the room' experiences | Apr 2017 | 2,000 | 2,000 | 1,052 | Bid price | Ordinary shares |
| Wey Education An education group providing online services worldwide | Nov 2017 | 2,150 | 2,150 | 1,026 | Bid price | Ordinary shares |
| VR Education Holdings A virtual/augmented reality software firm dedicated to changing how educational content and corporate training are provided and consumed globally | Mar 2018 | 1,588 | 1,588 | 953 | Bid price | Ordinary shares |
| ECSC Group Cyber security service provider | Dec 2016 | 2,420 | 2,420 | 942 | Bid price | Ordinary shares |
| Synnovia (formerly Plastics Capital) Specialist plastics products manufacturer focused on proprietary products for niche markets | Jan 2016 | 655 | 655 | 842 | Bid price | Ordinary shares |
| Avacta Group Developer of protein based reagents for research and diagnostics | Aug 2018 | 1,000 | 1,000 | 800 | Bid price | Ordinary shares |
| Fusion Antibodies A contract research organisation that offers a range of antibody engineering services for all stages of therapeutic and diagnostic antibody development | Dec 2017 | 1,000 | 1,000 | 793 | Bid price | Ordinary shares |
| Quixant Designer and manufacturer of advanced hardware and software solutions for the pay-to-play gaming and slot machine industry | Jan 2016 | 648 | 648 | 760 | Bid price | Ordinary shares |
| Vianet (formerly Brulines Group) Provision of real-time monitoring systems and data management services | Oct 2006 | 725 | 725 | 719 | Bid price | Ordinary shares |
| Falanx Group Provider of proactive cyber defence, intelligence and technology | Mar 2018 | 1,500 | 1,500 | 700 | Bid price | Ordinary shares |
| Microsaic Systems A high technology company which develops point-of-need mass spectrometers, focused on early drug development and life science markets | Jun 2018 | 1,500 | 1,500 | 675 | Bid price | Ordinary shares |
| Pressure Technologies Manufacturer of high pressure cylinders | May 2007 | 1,140 | 860 | 550 | Bid price | Ordinary shares |

| Market sector | % of equity held | % of net assets by value | Date of latest accounts | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets/(liabilities) £'000 | % of equity held by funds managed by Unicorn Asset Management Limited | Website address |
|-----------------------------------|------------------|--------------------------|-------------------------|----------------|--------------------------------|--------------------------------|---|--------------------------------|
| Media | 7.8% | 1.0% | 31 Dec '18 | 7,991 | (2,120) | 22,926 | 7.8% | www.bonhillplc.com |
| Media | 5.8% | 0.8% | 31 Mar '19 | 29,963 | 4,110 | 10,739 | 7.9% | www.ulstechnology.com |
| Real estate investment & services | 5.8% | 0.8% | 31 Dec '18 | 13,702 | 5,480 | 21,593 | 5.8% | www.belvoirgroup.com |
| Electronic & electrical equipment | 8.9% | 0.8% | 31 Dec '18 | 1,948 | (3,807) | 6,200 | 8.9% | www.immotion.co.uk |
| Travel & leisure | 1.4% | 0.8% | 31 Aug '18 | 88,968 | (76) | 55,800 | 1.4% | www.stridegaming.com |
| Technology hardware & equipment | 18.5% | 0.7% | 30 Sep '18 | 2,814 | (2,545) | 3,599 | 18.5% | www.lightwaveref.com |
| Electronic & electrical equipment | 11.3% | 0.6% | 31 Dec '18 | 3,468 | 68 | 5,871 | 11.3% | www.trackwise.co.uk |
| Healthcare equipment & services | 0.7% | 0.6% | 31 Dec '18 | - | (17,576) | 47,714 | 0.7% | www.creomedical.com |
| Real estate investment & services | 8.1% | 0.6% | 31 Mar '19 | 28,110 | 1,686 | 15,391 | 8.1% | www.hmlholdings.com |
| Travel & leisure | 8.1% | 0.5% | 31 Dec '18 | 2,172 | (9,978) | 10,448 | 8.1% | www.investors.escapehunt.com |
| Support services | 7.2% | 0.5% | 31 Aug '19 | 6,049 | (381) | 5,759 | 7.2% | www.weyededucation.com |
| Software & computer services | 8.2% | 0.5% | 31 Dec '18 | 643 | (4,434) | 4,216 | 8.2% | www.vreducationholdings.com |
| Software & computer services | 15.9% | 0.5% | 31 Dec '18 | 5,382 | (1,257) | 1,041 | 15.9% | www.ecsc.co.uk |
| Chemicals | 1.8% | 0.4% | 31 Mar '19 | 81,639 | (705) | 30,686 | 1.8% | www.synnovia.com |
| Pharmaceuticals & biotechnology | 3.4% | 0.4% | 31 Jul '19 | 4,123 | (11,132) | 23,436 | 3.4% | www.avacta.com |
| Healthcare equipment & services | 5.5% | 0.4% | 31 Mar '19 | 2,182 | (1,500) | 5,354 | 5.5% | www.fusionantibodies.com |
| Technology hardware & equipment | 0.6% | 0.4% | 31 Dec '18 | 90,179 | 11,225 | 46,545 | 0.6% | www.quixant.com |
| Support services | 2.2% | 0.4% | 31 Mar '19 | 15,683 | 2,658 | 25,559 | 2.2% | www.vianetplc.com |
| Support services | 8.3% | 0.3% | 31 Mar '19 | 5,212 | (1,859) | 7,627 | 8.3% | www.falanx.com |
| Electronic & electrical equipment | 16.4% | 0.3% | 31 Dec '18 | 578 | (3,043) | 6,275 | 16.4% | www.microsaic.com |
| Industrial engineering | 3.1% | 0.3% | 29 Sep '18 | 32,245 | (3,119) | 33,393 | 3.1% | www.pressuretechnologies.co.uk |

Investment Portfolio Summary

| | Date of first investment | Book cost £'000 | Original cost £'000 | Valuation £'000 | Valuation basis | Type of security |
|---|--------------------------|-----------------|---------------------|-----------------|-----------------|------------------|
| PCI-PAL A leading world-wide provider of payment card industry compliance solutions for contact centres | Jan 2018 | 900 | 900 | 520 | Bid price | Ordinary shares |
| Totally Delivery of care solutions to individuals, business or public bodies | Sep 2015 | 3,106 | 3,106 | 518 | Bid price | Ordinary shares |
| Driver Group Provision of specialist commercial, project planning and dispute resolution services to the construction industry | Apr 2006 | 552 | 750 | 514 | Bid price | Ordinary shares |
| Omega Diagnostics Medical diagnostics company focused on allergy, food intolerance and infectious disease | Dec 2010 | 500 | 500 | 471 | Bid price | Ordinary shares |
| Surgical Innovations Group Designer and manufacturer of minimally invasive surgical instruments | May 2007 | 436 | 748 | 466 | Bid price | Ordinary shares |
| Osirium Technologies A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices | Apr 2016 | 2,000 | 2,000 | 444 | Bid price | Ordinary shares |
| Dods Group (formerly Huveaux) Media group focused on political communication, training and publishing | Feb 2003 | 1,176 | 1,176 | 380 | Bid price | Ordinary shares |
| APC Technology Group (formerly Green Compliance) Designer and manufacturer of specialist electronic components | Dec 2009 | 3,100 | 3,100 | 343 | Bid price | Ordinary shares |
| Gama Aviation Operator of privately owned passenger jet aircraft | Nov 2010 | 760 | 760 | 322 | Bid price | Ordinary shares |
| Concurrent Technologies Designer and manufacturer of high performance processor based solutions for use in critical embedded applications | Jan 2016 | 275 | 275 | 320 | Bid price | Ordinary shares |
| Augean Treatment and disposal of hazardous waste | Dec 2004 | 500 | 500 | 305 | Bid price | Ordinary shares |
| Kingswood Holdings (formerly European Wealth Group) Private wealth management | Jun 2015 | 1,759 | 1,759 | 242 | Bid price | Ordinary shares |
| Synectics Designer of end-to-end integrated security and surveillance solutions | Jan 2016 | 110 | 110 | 150 | Bid price | Ordinary shares |
| Getech Group A leading petroleum and minerals consultancy | Jan 2016 | 188 | 188 | 142 | Bid price | Ordinary shares |
| PHSC Health & Safety consultancy and training | Mar 2007 | 253 | 550 | 125 | Bid price | Ordinary shares |
| Brighton Pier Group (formerly Eclectic Bar Group) Owner and operator of Brighton Pier and of premium bars across the UK | Nov 2013 | 426 | 426 | 125 | Bid price | Ordinary shares |
| Dillistone Group Provider of software services to the executive recruitment industry | Jun 2006 | 356 | 356 | 119 | Bid price | Ordinary shares |
| Genedrive (formerly Epistem Holdings) Developing and commercialising a low cost, rapid, versatile point-of-need diagnostics platform for the diagnosis of infectious diseases | Jan 2016 | 412 | 412 | 118 | Bid price | Ordinary shares |
| Touchstar Technologies (formerly Belgravium Technologies) Development and supply of rugged, hand-held data capture devices to the logistics sector | Sep 2005 | 337 | 425 | 116 | Bid price | Ordinary shares |
| Netcall Creates, maintains and supports a full range of communication software tailored to both the public and private sectors | Jan 2016 | 192 | 192 | 104 | Bid price | Ordinary shares |
| Grafenia (formerly Printing.com) Franchised high street print shops | Aug 2004 | 231 | 231 | 69 | Bid price | Ordinary shares |
| Zoo Digital Provider of software services to the media, entertainment and publishing industries | Jan 2016 | 3 | 3 | 24 | Bid price | Ordinary shares |

| Market sector | % of equity held | % of net assets by value | Date of latest accounts | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets/(liabilities) £'000 | % of equity held by funds managed by Unicorn Asset Management Limited | Website address |
|-----------------------------------|------------------|--------------------------|-------------------------|----------------|--------------------------------|--------------------------------|---|---------------------------|
| Software & computer services | 4.7% | 0.3% | 30 Jun '19 | 2,817 | (4,502) | 1,415 | 4.7% | www.pcpal.com |
| Healthcare equipment & services | 3.2% | 0.3% | 31 Mar '19 | 78,007 | (1,815) | 25,879 | 3.2% | www.totallyplc.com |
| Support services | 3.1% | 0.2% | 30 Sep '18 | 62,615 | 2,739 | 19,473 | 3.1% | www.driver-group.com |
| Healthcare equipment & services | 3.2% | 0.2% | 31 Mar '19 | 9,759 | 1,183 | 18,191 | 3.2% | www.omegadiagnostics.com |
| Healthcare equipment & services | 3.4% | 0.2% | 31 Dec '18 | 10,969 | 515 | 14,423 | 3.4% | www.sigrouplc.com |
| Software & computer services | 10.3% | 0.2% | 31 Dec '18 | 957 | (2,675) | 4,324 | 10.3% | www.osirium.com |
| Media | 1.1% | 0.2% | 31 Mar '19 | 21,301 | (5,726) | 23,019 | 1.1% | www.dodsgrouplc.com |
| Electronic & electrical equipment | 2.0% | 0.2% | 31 Aug '18 | 17,149 | 555 | 7,698 | 2.0% | www.apcplc.com |
| Industrial transportation | 1.2% | 0.2% | 31 Dec '18 | 183,912 | (24,105) | 63,955 | 1.2% | www.gamaaviation.com |
| Technology hardware & equipment | 0.7% | 0.2% | 31 Dec '18 | 16,624 | 2,974 | 19,993 | 0.7% | www.gocct.com |
| Support services | 3.1% | 0.1% | 31 Dec '18 | 79,749 | 10,593 | 60,300 | 3.1% | www.augeanplc.com |
| Financial services | 1.0% | 0.1% | 31 Dec '18 | 8,787 | (3,773) | 25,143 | 1.0% | www.kw-wealth.com |
| Support services | 0.6% | 0.1% | 30 Nov '18 | 71,249 | 2,132 | 40,720 | 0.6% | www.synecticsplc.com |
| Oil equipment & services | 1.5% | 0.1% | 31 Dec '18 | 8,019 | 225 | 12,742 | 1.5% | www.getech.com |
| Support services | 8.5% | 0.1% | 31 Mar '19 | 5,215 | 42 | 5,141 | 8.5% | www.phsc.plc.uk |
| Travel & leisure | 0.7% | 0.1% | 30 Jun '19 | 32,022 | 2,689 | 24,444 | 0.7% | www.brightonpiergroup.com |
| Software & computer services | 8.1% | 0.1% | 31 Dec '18 | 8,692 | (451) | 4,849 | 8.1% | www.dillistonegroup.com |
| Pharmaceuticals & biotechnology | 2.3% | 0.1% | 30 Jun '19 | 2,362 | (4,518) | (2,478) | 2.3% | www.genedriveplc.com |
| Technology hardware & equipment | 3.4% | 0.1% | 31 Dec '18 | 6,898 | (1,320) | 2,392 | 3.4% | www.touchstarplc.com |
| Software & computer services | 0.3% | 0.1% | 30 Jun '19 | 22,903 | 752 | 21,934 | 0.3% | www.netcall.com |
| Support services | 0.7% | 0.0% | 31 Mar '19 | 15,962 | (3,166) | 5,636 | 0.7% | www.grafeniam.com |
| Software & computer services | 0.0% | 0.0% | 31 Mar '19 | 22,117 | 970 | 3,595 | 0.0% | www.zoodigital.com |

Investment Portfolio Summary

| | Date of first investment | Book cost £'000 | Original cost £'000 | Valuation £'000 | Valuation basis | Type of security |
|--|--------------------------|-----------------|---------------------|-----------------|--------------------------------|------------------|
| Brady Provider of transaction and risk management software solutions | Dec 2010 | 112 | 112 | 17 | Bid price | Ordinary shares |
| AorTech International Intellectual property holding company of biomedical polymer technology, components and medical devices | Jan 2016 | 8 | 8 | 15 | Bid price | Ordinary shares |
| Distil Owner and supplier of gin, vodka and liqueur brands | Jan 2016 | 5 | 5 | 4 | Bid price | Ordinary shares |
| Bould Opportunities (formerly PhotonStar LED Group) Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets | Jul 2014 | 747 | 747 | 3 | Bid price | Ordinary shares |
| Kellan Group A recruitment business operating across a wide range of functional disciplines and industry sectors | Jan 2016 | 13 | 13 | 2 | Bid price | Ordinary shares |
| Crawshaw Group Yorkshire based chain of retail butchers | Apr 2007 | 1,538 | 2,000 | - | Bid price | Ordinary shares |
| Reach4entertainment Film and live entertainment advertising, marketing and display agencies | Jan 2016 | 1 | 1 | - | Bid price | Ordinary shares |
| | | 86,633 | 86,362 | 122,168 | | |
| Unquoted investments | | | | | | |
| Hasgrove Digital marketing and communication services | Nov 2006 | 1,329 | 1,854 | 14,600 | Revenue/earnings multiple | Ordinary shares |
| Interactive Investor Online investment platform | Nov 2013 | 1,250 | 1,250 | 4,714 | Earnings multiple | Ordinary shares |
| nkoda Limited Online provider of sheet music by subscription | Aug 2018 | 2,500 | 2,500 | 1,250 | Cost (reviewed for impairment) | Ordinary shares |
| Heartstone Inns A group of individual Free Houses each with a distinct character in locations across Southern England | Jun 2014 | 1,113 | 1,113 | 1,161 | Net assets | Ordinary shares |
| Phynova A life science company that develops and commercialises natural healthcare products | Dec 2018 | 1,000 | 1,000 | 950 | Price of recent investment | Ordinary shares |
| Syndicate Room Investment company and crowd funding platform | Aug 2016 | 1,250 | 1,250 | 817 | Discounted recent investment | Ordinary shares |
| Access Intelligence plc – Loan stock Compliance software solutions for the public and private sectors | Jun 2009 | 300 | 300 | 300 | Cost (reviewed for impairment) | Loan stock |
| Blue Inc (UK) Fashion retail chain providing affordable fashion predominantly for younger male consumers | Sep 2014 | 2,000 | 2,000 | - | Full provision | Ordinary shares |
| Uvenco (formerly SnackTime) Operator of vending machines | Dec 2008 | 2,102 | 2,044 | - | Full provision | Ordinary shares |
| | | 12,844 | 13,311 | 23,792 | | |
| Total qualifying investments | | 99,477 | 99,673 | 145,960 | | |
| Non-qualifying investments | | | | | | |
| OEIC funds managed by Unicorn Asset Management | Dec 2001 | 5,755 | 5,793 | 6,517 | Bid price | B shares |
| Fully listed equities | | | | | | |
| Tesco | May 2019 | 3,022 | 3,022 | 3,000 | Bid price | Ordinary shares |
| HSBC Holdings | May 2019 | 3,005 | 3,005 | 2,842 | Bid price | Ordinary shares |

| Market sector | % of equity held | % of net assets by value | Date of latest accounts | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets/(liabilities) £'000 | % of equity held by funds managed by Unicorn Asset Management Limited | Website address |
|--------------------------------------|------------------|--------------------------|-------------------------|----------------|--------------------------------|--------------------------------|---|----------------------------|
| Software & computer services | 0.2% | 0.0% | 31 Dec '18 | 23,157 | (1,144) | 20,938 | 0.2% | www.bradyplc.com |
| Healthcare equipment & services | 0.2% | 0.0% | 31 Mar '19 | 463 | (609) | 3,000 | 0.2% | www.aortech.com |
| Beverages | 0.1% | 0.0% | 31 Mar '19 | 2,401 | 160 | 3,174 | 0.1% | www.distil.uk.com |
| Household goods & home construction | 0.1% | 0.0% | 31 Dec '18 | 74 | (1,733) | (235) | 0.1% | www.bouldopportunities.com |
| Support services | 0.3% | 0.0% | 31 Dec '18 | 23,660 | 654 | 2,613 | 0.3% | www.kellangroup.co.uk |
| Food & drug retailers | 6.4% | 0.0% | 28 Jan '18 | 44,559 | (13,521) | 10,366 | 6.4% | www.crawshawbutchers.com |
| Media | 0.0% | 0.0% | 31 Dec '18 | 77,733 | (161) | 9,421 | 0.0% | www.r4e.com |
| | | 60.8% | | | | | | |
| Media | 21.0% | 7.3% | 31 Dec '18 | 12,511 | 2,246 | 8,605 | 21.0% | www.hasgrove.com |
| Financial services | 4.9% | 2.3% | 31 Dec '18 | 72,956 | 8,925 | 116,624 | 4.9% | www.iii.co.uk |
| Software & computer services | 12.6% | 0.6% | 30 Sep '19 | N/A | N/A | 1,219 | 12.6% | www.nkoda.com |
| Travel & leisure | 7.3% | 0.6% | 31 Dec '18 | 11,076 | 279 | 17,058 | 7.3% | www.heartstoneinns.co.uk |
| Healthcare equipment & services | 5.9% | 0.5% | 30 Sep '18 | N/A | N/A | 1,920 | 5.9% | www.phynova.com |
| Financial services | 5.3% | 0.4% | 31 Dec '18 | 1,037 | (903) | (2,422) | 5.3% | www.syndicateroom.com |
| Software & computer services | N/A | 0.1% | 30 Nov '18 | 8,888 | (1,717) | 10,727 | N/A | www.accessintelligence.com |
| Retail | 6.9% | 0.0% | 31 Dec 13 | 98,685 | (1,056) | 3,606 | 6.9% | www.blueinc.co.uk |
| Food & drug retailers | 1.8% | 0.0% | 31 Dec '16 | 10,857 | 421 | 982 | 1.8% | www.uvenco.co.uk |
| | | 11.8% | | | | | | |
| | | 72.6% | | | | | | |
| OEIC | N/A | 3.2% | | | | | N/A | www.unicornam.com |
| Personal care, drug & grocery stores | 0.0% | 1.5% | 28 Feb '19 | 63,911,000 | 1,674,000 | 14,834,000 | 0.0% | www.tesco.com |
| Banks | 0.0% | 1.4% | 31 Dec '18 | 23,877,359 | 15,576,788 | 145,863,419 | 0.0% | www.hsbc.com |

Investment Portfolio Summary

| | Date of first investment | Book cost £'000 | Original cost £'000 | Valuation £'000 | Valuation basis | Type of security |
|---|--------------------------|-----------------|---------------------|-----------------|---------------------------|-------------------|
| Legal & General | Apr 2018 | 3,004 | 3,004 | 2,683 | Bid price | Ordinary shares |
| Lloyds Banking Group | Apr 2018 | 3,010 | 3,010 | 2,392 | Bid price | Ordinary shares |
| Macfarlane Group | Sep 2010 | 642 | 642 | 2,375 | Bid price | Ordinary shares |
| Babcock International | Jun 2017 | 3,005 | 3,005 | 1,849 | Bid price | Ordinary shares |
| NCC Group | Jan 2011 | 400 | 400 | 1,624 | Bid price | Ordinary shares |
| Victrex | Jan 2018 | 1,419 | 1,419 | 1,151 | Bid price | Ordinary shares |
| Renold | Apr 2010 | 880 | 880 | 654 | Bid price | Ordinary shares |
| Lloyds Banking Group 9.25% Preference Shares | Jan 2016 | 267 | 267 | 298 | Bid price | Preference shares |
| Braemar Shipping Services | Dec 2006 | 598 | 598 | 233 | Bid price | Ordinary shares |
| Vodafone | Jan 2016 | 221 | 221 | 162 | Bid price | Ordinary shares |
| Imperial Brands | Jan 2016 | 253 | 253 | 132 | Bid price | Ordinary shares |
| AIM quoted entities | | | | | | |
| Augean | Sep 2004 | 1,076 | 1,144 | 3,186 | Bid price | Ordinary shares |
| Castleton Technology | Nov 2004 | 464 | 464 | 1,773 | Bid price | Ordinary shares |
| City Pub Group (formerly The City Pub Company (East) and The City Pub Company (West)) | Oct 2013 | 1,315 | 1,315 | 1,684 | Bid price | Ordinary shares |
| Epwin Group | Jul 2014 | 1,000 | 1,000 | 820 | Bid price | Ordinary shares |
| Avingtrans | Oct 2004 | 868 | 868 | 692 | Bid price | Ordinary shares |
| Redcentric | Nov 2004 | 394 | 394 | 535 | Bid price | Ordinary shares |
| Belvoir Lettings | Jul 2015 | 479 | 479 | 434 | Bid price | Ordinary shares |
| Portmerion Group | Sep 2010 | 203 | 203 | 396 | Bid price | Ordinary shares |
| IQE | May 2011 | 187 | 187 | 376 | Bid price | Ordinary shares |
| Caretech Holdings | Mar 2010 | 400 | 400 | 359 | Bid price | Ordinary shares |
| Driver Group | Aug 2006 | 561 | 561 | 300 | Bid price | Ordinary shares |
| Dillistone Group | Jun 2006 | 722 | 721 | 248 | Bid price | Ordinary shares |
| Gama Aviation | Nov 2010 | 751 | 751 | 185 | Bid price | Ordinary shares |
| Other AIM listed entities each valued at less than £60k | | 259 | 260 | 84 | Bid price | Ordinary shares |
| Unquoted investments | | | | | | |
| Interactive Investor | Nov 2013 | 2,197 | 2,197 | 9,605 | Earnings multiple | Ordinary shares |
| Hasgrove | Nov 2006 | - | - | 2 | Revenue/earnings multiple | Ordinary shares |
| Unlisted equities | N/A | 368 | 368 | - | Full provision | Ordinary shares |
| Total non-qualifying investments | | 36,725 | 36,831 | 46,591 | | |
| Total investments | | 136,202 | 136,504 | 192,551 | | |
| Current assets | | | | 9,819 | | |
| Current liabilities | | | | (1,254) | | |
| Net assets | | | | 201,116 | | |

Original cost is the amount invested in each investee company by the Company, Unicorn AIM VCT II plc and Rensburg plc.

| Market sector | % of equity held | % of net assets by value | Date of latest accounts | Turnover £'000 | Profit/(loss) before tax £'000 | Net assets/(liabilities) £'000 | % of equity held by funds managed by Unicorn Asset Management Limited | Website address |
|-------------------------------------|------------------|--------------------------|-------------------------|----------------|--------------------------------|--------------------------------|---|------------------------------|
| Support services | 0.0% | 1.3% | 31 Dec '18 | 1,264,000 | 2,102,000 | 8,580,000 | 0.0% | www.legalandgeneralgroup.com |
| Banks | 0.0% | 1.2% | 31 Dec '18 | 16,349,000 | 5,960,000 | 50,199,000 | 0.0% | www.lloydsbankinggroup.com |
| General industrials | 1.6% | 1.1% | 31 Dec '18 | 217,290 | 10,886 | 62,532 | 3.9% | www.macfarlanegroup.com |
| Support services | 0.1% | 0.9% | 31 Mar '19 | 4,474,800 | 235,200 | 2,884,900 | 0.2% | www.babcock.co.uk |
| Software & computer services | 0.3% | 0.8% | 31 May '19 | 250,700 | 17,800 | 210,800 | 3.6% | www.nccgroup.com |
| Chemicals | 0.1% | 0.6% | 30 Sep '18 | 326,000 | 127,500 | 489,900 | 0.3% | www.victrexplc.com |
| Industrial engineering | 1.3% | 0.3% | 31 Mar '19 | 202,400 | 10,200 | (900) | 1.3% | www.renold.com |
| Banks | N/A | 0.1% | 31 Dec '18 | 16,349,000 | 5,960,000 | 50,199,000 | N/A | www.lloydsbankinggroup.com |
| Industrial transportation | 0.4% | 0.1% | 28 Feb '19 | 117,853 | (3,140) | 58,353 | 3.7% | www.braemar.com |
| Mobile telecommunications | 0.0% | 0.1% | 31 Mar '19 | 37,626,885 | 2,251,616 | 53,613,098 | 0.0% | www.vodafone.com |
| Tobacco | 0.0% | 0.1% | 30 Sep '19 | 31,594,000 | 1,690,000 | 5,584,000 | 0.0% | www.imperialbrandsplc.com |
| Support services | 3.1% | 1.6% | 31 Dec '18 | 79,749 | 10,593 | 60,300 | 3.1% | www.augeanplc.com |
| Software & computer services | 2.4% | 0.9% | 31 Mar '19 | 26,357 | 1,192 | 25,306 | 2.4% | www.castletonplc.com |
| Travel & leisure | 4.8% | 0.8% | 30 Dec '18 | 45,674 | 2,620 | 78,538 | 10.4% | www.citypubcompany.com |
| Construction and materials | 0.7% | 0.4% | 31 Dec '18 | 281,100 | 13,300 | 90,000 | 7.2% | www.epwin.co.uk |
| Industrial engineering | 6.2% | 0.3% | 31 May '19 | 105,516 | 3,144 | 69,294 | 6.2% | www.avingtrans.plc.uk |
| Software & computer services | 0.4% | 0.3% | 31 Mar '19 | 93,260 | (1,363) | 75,645 | 0.4% | www.redcentricplc.com |
| Real estate investment & services | 5.8% | 0.2% | 31 Dec '18 | 13,702 | 5,480 | 21,593 | 5.8% | www.belvoirgroup.com |
| Household goods & home construction | 0.4% | 0.2% | 31 Dec '18 | 89,594 | 9,714 | 48,650 | 0.4% | www.portmeiriongroup.com |
| Technology hardware & equipment | 0.1% | 0.2% | 31 Dec '18 | 156,291 | 6,747 | 309,278 | 0.1% | www.iqep.com |
| Healthcare equipment & services | 0.1% | 0.2% | 30 Sep '18 | 185,689 | 15,370 | 208,233 | 0.1% | www.caretech-uk.com |
| Support services | 3.1% | 0.2% | 30 Sep '18 | 62,615 | 2,739 | 19,473 | 3.1% | www.driver-group.com |
| Software & computer services | 8.1% | 0.1% | 31 Dec '18 | 8,692 | (451) | 4,849 | 8.1% | www.dillistonegroup.com |
| Industrial transportation | 1.2% | 0.1% | 31 Dec '18 | 183,912 | (24,105) | 63,955 | 1.2% | www.gamaaviation.com |
| Other AIM listed | | 0.0% | | | | | | |
| Financial services | 4.9% | 4.8% | 31 Dec '18 | 72,956 | 8,925 | 116,624 | 4.9% | www.iii.co.uk |
| Media | 21.0% | 0.0% | 31 Dec '18 | 12,511 | 2,246 | 8,605 | 21.0% | www.hasgrove.com |
| | | 0.0% | | | | | | |
| | | 23.1% | | | | | | |
| | | 95.7% | | | | | | |
| | | 4.9% | | | | | | |
| | | (0.6%) | | | | | | |
| | | 100.0% | | | | | | |

Board of Directors

Peter Dicks

Status: Independent, non-executive Chairman.

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a venture capital company. He is currently chairman of Gabelli Value Plus+ Trust plc, and a director of a number of quoted and unquoted companies, including Miton UK MicroCap Trust plc, SVM UK Emerging Fund plc and Foresight Solar Fund Limited.

Length of service as at 30 September 2019: Eighteen years.

Last re-elected to the Board: 10 January 2019.

Committee memberships: Audit Committee.

Remuneration 2018/19: £30,000.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Shareholder of Mears Group plc and Antler Holdco (Interactive Investor).

Shared directorships with other Directors: None.

Other public company directorships (not disclosed above): None.

Shareholding in the Company: 176,510 Ordinary shares (a further 10,000 shares are held by a connected person).

Charlotta Ginman

Status: Independent, non-executive Director.

Experience: Charlotta Ginman is a Chartered Accountant with experience in investment banking and the technology and telecoms industry. She is currently a non-executive director and audit committee chair for Polar Capital Technology Trust plc, Pacific Assets Trust plc and Keywords Studios plc, and also sits on the board of Consort Medical plc. Given three of the five directorships are with investment companies that typically only have four or five meetings a year, and therefore take up less time than a trading company NED role, she has enough time to ensure she remains as effective as needed in each of her roles as well as having spare time to devote to any unforeseen corporate issues that may arise.

Length of service as at 30 September 2019: Three years, three months.

Last elected to the Board: 12 January 2017.

Committee memberships: Audit Committee.

Remuneration 2018/19: £25,000.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Shareholder and non-executive director of Keywords Studios plc and shareholder in Lloyds Banking Group plc.

Shared directorships with other Directors: None.

Other public company directorships (not disclosed above): None.

Shareholding in the Company: 12,792 (a further 6,101 shares are held by a connected person).

Jeremy Hamer

Status: Independent, non-executive Director.

Experience: Jeremy Hamer is a chartered accountant and a qualified executive coach. His career has been spent working for a broad range of SME's, both public and private, similar to those targeted by this VCT for investment. His previous Board roles have included both executive and non-executive positions including sitting as an investee director for a non-AIM focused VCT. With considerable turnaround experience he is all too aware of the solvency challenges facing smaller companies and the importance of prioritising cash management at certain stages of a company's development. He has chaired the audit committee for a number of public companies.

Length of service as at 30 September 2019: Nine years, six months.

Last re-elected to the Board: 12 January 2017.

Committee memberships: Audit Committee (Chairman).

Remuneration 2018/19: £27,500.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Non-executive chairman and shareholder of Uvenco plc, non-executive director and shareholder of Access Intelligence plc, and shareholder of Avingtrans plc, Netcall plc and Kellan plc.

Shared directorships with other Directors: None.

Other public company directorships (not disclosed above): None.

Shareholding in the Company: 12,202 Ordinary shares.

Jocelin Harris

Status: Senior Independent, non-executive Director.

Experience: Jocelin Harris is a qualified solicitor and runs Durrington Corporation Limited, where he has worked since 1986. Durrington provides management and financial support services to small and developing businesses. He is currently a director of Foresight VCT plc and also a non-executive chairman or director of a number of private companies in the United Kingdom and the USA.

Length of service as at 30 September 2019: Thirteen years, five months.

Last re-elected to the Board: 10 January 2019.

Committee memberships: Audit Committee.

Remuneration 2018/19: £27,500.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Shareholder in Antler Holdco (Interactive Investor), Vianet Group plc, Vodafone plc, Lloyds Banking Group plc and Totally plc.

Shared directorships with other Directors: None.

Other public company directorships (not disclosed above): None.

Shareholding in the Company: 113,572 Ordinary shares.

Timothy Woodcock

Status: Independent, non-executive Director.

Experience: Timothy Woodcock is a Chartered Accountant and experienced company director who has held a number of main board roles for both public and private companies. He also has considerable Investment Management experience – in 2008 he co-founded Oakfield Capital Partners, a private equity firm specialising in investing and developing fast growing UK smaller companies. He is an active private investor in early stage opportunities.

Length of service as at 30 September 2019: 3 months.

Appointed to the Board: 10 June 2019.

Committee memberships: Audit Committee

Remuneration 2018/19: £7,708.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investee companies: Shareholder in Lloyds Banking Group plc, Tesco plc, Legal and General plc and Vodafone plc

Shared directorships with other Directors: None.

Other public company directorships (not disclosed above): None.

Shareholding in the Company: nil Ordinary shares.



Directors' Report

The Directors present the eighteenth Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2019 (the "Annual Report") incorporating the Corporate Governance Statement on pages 36 to 41.

The Company

The Company, being fully listed on the London Stock Exchange, is required to comply with the Financial Reporting Council's UK Corporate Governance Code. In accordance with the Code, the Company is required to be headed by an effective Board of Directors, providing entrepreneurial leadership within a framework of prudent and effective controls.

Under the Listing Rules and continuing obligations of the London Stock Exchange, the Directors and the Investment Manager are required to have sufficient and satisfactory experience in the management of a portfolio of investments of the size and type in which the Company proposes to invest.

The Directors

At the start of the year, the Board consisted of four Directors with a fifth person, Timothy Woodcock, joining the Board on 10 June 2019. All of the Directors are non-executive and are independent of the Investment Manager, their biographies are shown on pages 28 and 29.

The letters of appointment of all the Directors will be available for inspection at the Annual General Meeting.

Peter Dicks, Jocelin Harris, Jeremy Hamer and Charlotta Ginman will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 30 January 2020. Timothy Woodcock, being appointed during the year, will also be seeking election at the Annual General Meeting. The AIC Code of Corporate Governance ("the AIC Code") recommends that all directors offer themselves for re-election annually.

Dividends

An interim dividend of 3.0 pence per share was paid on 9 August 2019.

Details of the proposed final dividend are set out in the Chairman's Statement on page 3.

Share Capital

At the year-end there were 130,660,071 (2018: 117,226,048) Ordinary shares of 1p each in issue, none of which are held in Treasury. The issues and buybacks of the Company's shares during the year are shown in note 13 on page 59. A total of 168,702 shares have been bought back subsequent to the year end, therefore, at the date of this report, the Company had 130,491,369 shares in issue. All shares are listed on the main market of the London Stock Exchange.

Directors' Indemnities and Liability Insurance

The Company has, as permitted by the Companies Act 2006 and the Company's Articles of Association, maintained Directors and Officers Indemnity insurance cover on behalf of the Directors indemnifying them against costs, charges, losses, damages and liabilities incurred for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or in connection with the activities of the Company. The policy does not provide cover for fraudulent or dishonest actions by the Directors. Save for the indemnity provisions contained in the Articles of Association and the Directors' letters of appointment, there are no qualifying third party indemnities.

Companies Act 2006 and Disclosure & Transparency Rules ("DTRs") Disclosures

In accordance with Schedule 7 of the Large and Medium Size Companies and Groups (Accounts and Reports) Regulations 2008 and the DTRs, the Directors disclose the following information:

- The structure of the Company's capital is summarised above and in note 13 and the voting rights are contained on page 59. There are no restrictions on voting rights or any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.
- There are no securities carrying special rights with regard to the control of the Company.
- The Company does not operate an employee share scheme.
- The Company's Articles of Association and the Companies Act 2006 contain provisions relating to the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares.
- No agreements exist to which the Company is a party that may affect its control following a takeover bid.
- There are no agreements in place between the Company and its Directors providing for compensation for loss of office in any event.

Details of the financial risk management objectives and policies of the Company together with information on exposure to credit, price, liquidity and cash flow risks are contained in Note 17 on pages 60 to 65.

The business model and strategy is included in the Strategic Report on pages 5 and 6.

Global greenhouse gas emissions

The Company has no direct greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Alternative Investment Funds Manager's Directive ("AIFMD")

The Company registered as a small Alternative Investment Manager with the Financial Conduct Authority ("FCA") and is subject to the reduced level of requirements under the Alternative Investment Fund Manager's Regulations 2013 (SI2013/1773).

If the Company becomes "leveraged" as defined in the Regulations, it would become subject to the full requirements under the Regulations including the requirement to appoint a Depositary which may have material cost implications for the Company. The Company has no plans to become a full scope Alternative Investment Fund.

Outlook

The likely future performance is discussed in the Outlook section of the Chairman's Statement on page 4.

Going concern

After due consideration, the Directors believe that the Company has adequate resources for a period of at least 12 months from the date of the approval of the financial statements and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 30 September 2019, the Company held cash balances of £9.4 million, £19.4 million in fully listed stocks and £6.5 million in Unicorn OEIC funds. The majority of the Company's investment portfolio remains invested in non-qualifying, fully listed and partly qualifying, partly non-qualifying, AIM quoted equities which may be realised, subject to the need for the Company to maintain its VCT status. As a result the cash flow projections covering a period of at least twelve months from the date of approving the financial statements have been reviewed and show that the Company has access to sufficient liquidity to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no borrowings in place and is therefore not exposed to any gearing covenants.

Auditor's right to information

The Directors who held office at the date of this report confirm that, so far as they are aware, there is no relevant audit information of which the Auditor is unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Substantial interests

As at 2 December 2019, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

Post balance sheet events

On 15 October 2019, the Company purchased 168,702 ordinary shares of 1 pence each, representing 0.13% of the issued share capital, for cancellation at a total cost of £232,300, equivalent to 137.7 pence per share.

On 18 October 2019, Stride Gaming was subject to a takeover. The Company received proceeds of £1.6 million realising a profit of £0.2 million.

On 7 November 2019, the Access Intelligence loan stock was repaid in full together with the related interest.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11.30am on 30 January 2020 at The Great Hall, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN is set out on pages 68 to 71 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report. The following notes provide an explanation of a number of the Resolutions that will be proposed at the meeting. Resolutions 1 to 12 will be proposed as ordinary resolutions requiring the approval of more than 50% of the votes cast at the meeting to be passed and Resolutions 13 and 14 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting to be passed. Resolutions 12 to 14 are the usual resolutions relating to the authority to issue and buyback shares and in substitution for existing authorities passed in previous years. Resolutions 12 and 13 will be used to enable the issue of shares pursuant to top-up offers should the Directors consider raising further funds to be in the best interests of the Company. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Voting rights of Shareholders

At general meetings of the Company, Shareholders have one vote on a show of hands and one vote per share if a poll is called. Proxy votes must be lodged with the Registrars 48 hours before the meeting, see notes on pages 69 to 71.

Ordinary Business at the Annual General Meeting

Remuneration Policy

Resolution 2 allows Shareholders to have a binding vote on the Company's remuneration policy. The policy remains unchanged from that voted on by Shareholders in 2017.

Re-appointment of Auditors

Resolution 4 proposes the re-appointment of BDO LLP as the Company's External Auditor for the forthcoming year and the authority proposed under Resolution 5 will authorise the Directors to determine the Auditor's remuneration.

Election/re-election of Directors

The notice of the meeting includes resolutions to re-elect Peter Dicks, Jocelin Harris, Jeremy Hamer, Charlotta Ginman, and elect Timothy Woodcock, as Directors of the Company. The Board currently consists of five Directors, all of whom have extensive investment based backgrounds and both private and public company board level experience. The Board believes that they bring valuable skill, experience and expertise to the Company and recommends that Shareholders vote in favour of the resolutions relating to their election or re-election.

Directors' Report

A summary of their skills and experience is given below:

Peter Dicks was a founder, in 1973, of Abingworth plc, a venture capital company investing predominately in America as well as the UK. Early stage investments in America included Apple, and in the UK, City Centre Restaurants and British Biotechnology. In recent years, he has held board seats in a number of UK companies, including Sportingbet, ICG Enterprise Trust, Polar Capital Technology and Interactive Investor. He has also been active in assisting in fund raising activities for privately owned businesses.

Jocelin Harris has experience as a director of public companies since 1979. He has also had close, personal involvement as both a Director and investor in startup and early stage businesses over more than 30 years. As a qualified solicitor he brings his legal knowledge to the board discussions and decisions.

Jeremy Hamer is a Chartered Accountant who spent 16 years in industry before 5 years as a VCT investment manager. He is a founder partner of Westminster Coaching, an organisation which provides executive coaching, mentoring and consulting services since 2007. Jeremy has sat as a non-executive director on a number of privately owned and quoted company boards. He currently chairs the Audit Committee at Unicorn Aim VCT.

Charlotta Ginman is a Chartered Accountant who has had extensive experience in the investment banking, technology and telecoms industry. She has held senior roles within UBS, Deutsche Bank, JP Morgan and the Nokia Corporation. Charlotta has had extensive experience as a non-executive director and her current roles include Polar Capital Technology Trust and Pacific Assets Trust.

Timothy Woodcock qualified as a Chartered Accountant and subsequently worked as a finance director for a number of companies before, in 2008, co-founding a private equity firm investing in fast growing UK smaller companies. Tim brings investing experience and commercial perspective to complement the broad range of skills already present on the Unicorn Board.

Special Business at the Annual General Meeting

Allotment of shares

The authority proposed under Resolution 12 will authorise the Directors to allot shares or grant rights to subscribe for or to invest in shares in the Company generally, in accordance with section 551 of the Companies Act 2006 (the "Act"), up to an aggregate nominal amount of £652,456 representing 50% of the issued share capital at the date of this report. This authority, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021.

Disapplication of pre-emption rights

Resolution 13 will give Directors the authority to allot shares for cash without first offering the securities to existing Shareholders in certain circumstances. The resolution proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities:

i) with an aggregate nominal value of up to, but not exceeding, £521,965, representing 40% of the issued share capital at the date of this report, in connection with offer(s) for subscription; and

ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time;

in each case where the proceeds of the issue may be used in whole or in part to purchase the Company's shares in the market.

The authority conferred under this resolution, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting to be held in 2021.

Authority for the Company to purchase its own shares

Resolution 14 authorises the Company to purchase up to 19,560,656 of its own shares (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report), or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital of the Company at the date the resolution is passed. Purchases will be made on the open market at prices in accordance with the terms laid out in the Resolution. Shares will be purchased only in circumstances where the Board believes that it is in the best interests of the Shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in NAV per share and earnings per share. The Board currently intends to cancel those shares purchased. Such authority will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021.

At the Annual General Meeting held on 10 January 2019, Shareholders gave authority for the Company to buy back a total of 14.99% or 17,488,082 of its own shares. The Company has since repurchased and cancelled 2,881,418 shares and therefore has remaining authority to repurchase 14,606,664 shares which authority will lapse at the Annual General Meeting to be held in 2020.

By order of the Board.

ISCA Administration Services Limited

Company Secretary

3 December 2019

Directors' Remuneration Report

Annual Remuneration Report

The purpose of this Report is to demonstrate the method by which the Board has implemented the Company's Remuneration Policy (see page 35) and provide Shareholders with specific information in respect of the Directors' remuneration. A resolution to approve the Remuneration Report will be put forward at the AGM to be held on 30 January 2020, where Shareholders will have an advisory vote on the approval of the Report.

This Directors' Remuneration Report has been prepared by the Directors in accordance with the Companies Act 2006. The Company's Independent Auditor is required to give its opinion on the specified information provided on Directors' emoluments (see below) and this is explained further in their report to Shareholders on pages 43 to 46. Shareholders are encouraged to vote on the Remuneration Report annually at the AGM and on the Remuneration Policy at least every three years. The Board will take Shareholders' views into consideration when setting remuneration.

Statement from the Chairman of the Board in relation to Directors' Remuneration Matters

The Board is mindful of its obligation to set remuneration at levels which will attract and maintain an appropriate calibre of individuals whilst simultaneously protecting the interests of Shareholders.

During the year to 30 September 2019, the Board reviewed its existing remuneration levels, having considered the substantial increase in the Company's net assets, the remuneration payable to non-executive directors of comparable VCTs, the demand for non-executive directors within the financial sector and the increasing regulatory requirements with which the sector is required to comply. Following this review, the Board agreed to increase Directors' fees from 1 October 2019. For the year ended 30 September 2020, Directors' fees will be increased to £30,750 for the Chairman of the Board, £29,000 for the Chairman of the Audit Committee, £28,188 for the Senior Independent Director and £25,625 for the other Directors.

At the Annual General Meeting held on 10 January 2019, the following votes were cast on the Remuneration Report:

| | Number of votes | % of votes cast |
|--------------------------|-----------------|-----------------|
| For | 6,661,832 | 88.2 |
| Against | 396,070 | 5.2 |
| At Chairman's discretion | 499,264 | 6.6 |
| Total votes cast | 7,557,166 | 100.0 |
| Number of votes withheld | 142,914 | |

The Remuneration Policy was last approved by the Shareholders at the Annual General Meeting held on 12 January 2017.

Votes cast at the Annual General Meeting held on 12 January 2017 on the resolution were as follows:

| | Number of votes | % of votes cast |
|--------------------------|-----------------|-----------------|
| For | 3,998,528 | 84.2 |
| Against | 307,917 | 6.5 |
| At Chairman's discretion | 441,410 | 9.3 |
| Total votes cast | 4,747,855 | 100.0 |
| Number of votes withheld | 170,788 | |

Directors' interests (audited information)

The Directors' interests, including those of connected persons in the issued share capital of the Company are outlined below. There is no minimum holding requirement that the Directors need to adhere to.

| Director | 30 September 2019 | | 30 September 2018 | |
|------------------|-------------------|--------------------|-------------------|--------------------|
| | Shares | % of share capital | Shares | % of share capital |
| Peter Dicks | 186,510 | 0.14% | 176,510 | 0.15% |
| Charlotta Ginman | 18,893 | 0.01% | 12,202 | 0.01% |
| Jeremy Hamer | 12,202 | 0.01% | 40,456 | 0.03% |
| Jocelin Harris | 113,572 | 0.09% | 99,513 | 0.08% |
| Timothy Woodcock | - | - | - | - |

There have been no changes in the Directors' interests since 30 September 2019. No options over the share capital of the Company have been granted to the Directors.

Details of the Directors' remuneration are disclosed below and in note 5 on page 54.

Pensions (audited information)

None of the Directors receive, or are entitled to receive, pension benefits from the Company.

Share options and long-term incentive schemes (audited information)

The Company does not grant any options over the share capital of the Company nor operate long-term incentive schemes.

Relative spend on pay

The table below sets out:

- the remuneration paid to the Directors; and
- the distributions made to Shareholders by way of dividends paid in the financial year ended 30 September 2019 and the preceding financial year.

There were no share buy-backs for Treasury.

| | Year ended 30 September 2019 | Year ended 30 September 2018 | Change % |
|-------------------------|------------------------------------|------------------------------------|-------------|
| Total remuneration | 117,708 | 103,620 | 13.6 |
| Dividends paid (note 7) | 8,045,000 | 7,689,000 | 4.6 |

The increase in the remuneration paid and the reason for it is shown in the table on page 34.

Directors' Remuneration Report

Directors' emoluments (audited information)

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below. The Company does not have any schemes in place to pay bonuses or benefits to any of the Directors in addition to their Directors' fees. Peter Dicks, Jocelin Harris and Jeremy Hamer are entitled to a higher fee due to their roles as Chairman, Senior Independent Director and Audit Committee Chairman, respectively.

| | Year ended 30 September 2019 | Year ended 30 September 2018 |
|--|---------------------------------|---------------------------------|
| Peter Dicks (Chairman) | 30,000 | 28,800 |
| Charlotta Ginman (Independent Director) | 25,000 | 23,060 |
| Jocelin Harris (Senior Independent Director) | 27,500 | 25,880 |
| Jeremy Hamer* (Audit Committee Chairman) | 27,500 | 25,880 |
| Timothy Woodcock (Independent Director) | 7,708 | - |
| TOTAL | 117,708 | 103,620 |
| Expenses [#] | 593 | 533 |
| | 118,301 | 104,153 |

*£19,522 (2018: £18,372) of Jeremy Hamer's fee was paid to his consultancy business, Fin Dec Limited. With effect from 1 October 2019, all of Jeremy Hamer's fee will be paid directly through the payroll.

[#]Travel and other expenses may be considered as taxable benefits for Directors. Where applicable the associated tax liability will be settled by the Company.

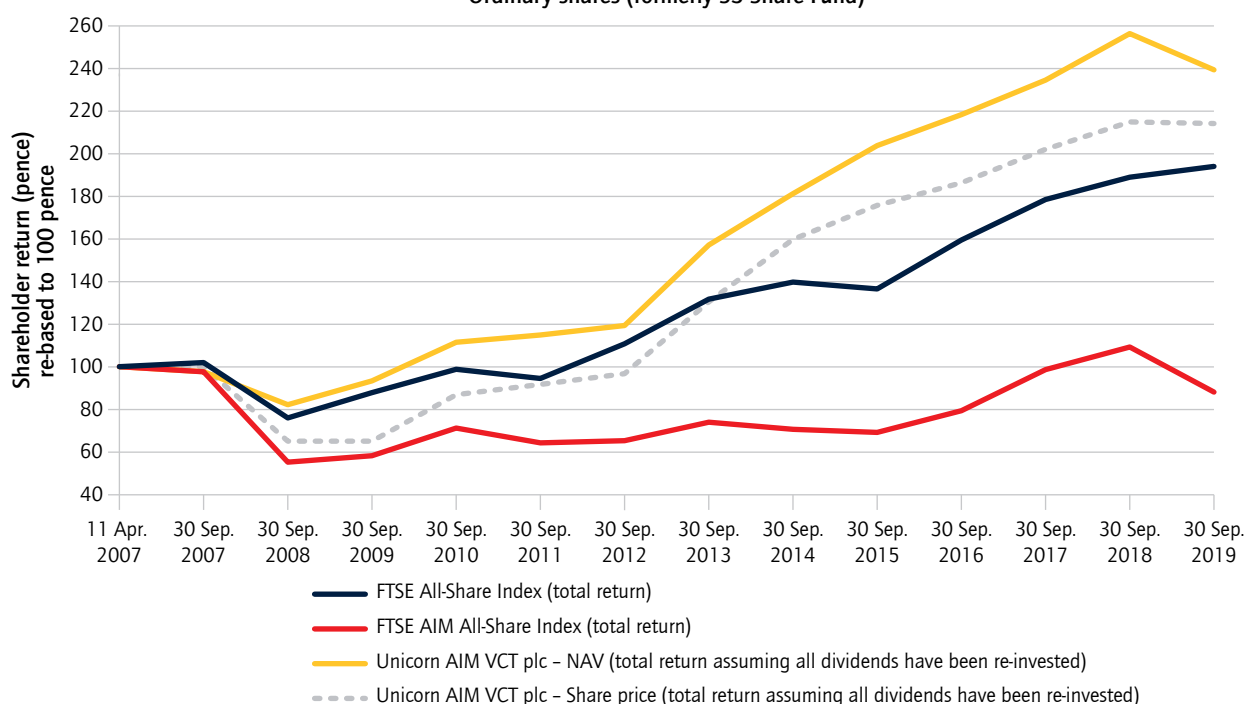
Total Shareholder return performance graph

The following graph charts the total cumulative shareholder return of the Company since the new Ordinary shares (formerly S3 Shares) were first admitted to the Official List of the UK Listing Authority on 11 April 2007 (assuming all dividends are re-invested) compared to the total cumulative shareholder return of both the FTSE All-Share and the FTSE AIM All-Share Indices. These indices represent the broad equity market against which investors can measure the performance of the Company and are thus considered the most appropriate benchmarks. The NAV total return per share has been shown separately in addition to the information required by law because the Directors believe it is a more accurate reflection of the Company's performance.

In the graph, the total Shareholder return figures have been rebased to 100 pence.

Total cumulative Shareholder return since launch compared to the total return of the FTSE All-Share and FTSE AIM All-Share indices

Ordinary shares (formerly S3 Share Fund)



An explanation of the performance of the Company is given in the Strategic Report on pages 2 to 11 and in the Investment Manager's Review on pages 12 to 16.

Remuneration Policy

As the Board consists entirely of non-executive directors it is considered appropriate that matters relating to remuneration are considered by the Board as a whole, rather than a separate remuneration committee. The remuneration policy is set by the Board, which reviews the remuneration of each of the Directors, and considers at least annually whether the remuneration policy is fair and in line with comparable VCTs.

When considering the level of the Directors' remuneration, the Board reviews existing remuneration levels elsewhere in the Venture Capital Trust sector and other relevant information. It considers the levels and make-up of remuneration which need to be sufficient to attract, retain and motivate directors of the quality required to oversee the running of the Company.

The remuneration levels are designed to reflect the duties and responsibilities of the roles and the amount of time spent in carrying these out. The Board will obtain independent advice where it considers it necessary. No such advice was taken during the year under review. This policy will be used when agreeing the remuneration of any new Director.

A resolution will be put forward at the Annual General Meeting in January 2020 to allow Shareholders to vote on this policy. If received, approval will remain valid until the Annual General Meeting in 2023.

Basis of Remuneration

All of the Directors are considered to be independent and non-executive and it is not considered appropriate to relate any portion of their remuneration to the performance of the Company and performance conditions have not been set in determining their level of remuneration. As the Company has no employees, it is not possible to take account of the pay and employment conditions of employees when determining the levels of the Directors' remuneration. This approach to remuneration would also be used when recruiting any new directors. The Company's Articles of Association limit the aggregate amount that can be paid to the Directors in fees to £200,000 per annum.

The table below shows the expected maximum payment that will be received per annum by each Director for the year to 30 September 2020, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

| Role | Components of Pay Package | | Expected fees for the year to 30 September 2020* | Performance conditions | Company Strategy | Remuneration Policy |
|--|---------------------------|-----------------|--|------------------------|---|---|
| | Basic Fees | Additional Fees | | | | |
| Chairman and Non-executive Director | £25,625 | £5,125 | £30,750 | None | To invest in companies which are VCT qualifying, quoted on AIM and have good prospects. To maintain the Company's VCT status. | The levels of remuneration need to be sufficient to attract, retain and motivate directors with the required ability to review and challenge the Investment Manager's performance in implementing the Company's strategy. |
| Non-executive Director and Chairman of the Audit Committee | £25,625 | £3,375 | £29,000 | | | |
| Non-executive Senior Independent Director | £25,625 | £2,563 | £28,188 | | | |
| Non-executive Directors | £25,625 | - | £25,625 | | | |

* As stated on page 33, following a review of fees payable to Directors, the Board has approved an increase for each of the current Directors with effect from 1 October 2019.

Terms of Appointment

All of the Directors are non-executive and none of the Directors has a service contract with the Company. In the year to 30 September 2019, part of the fee payable to Jeremy Hamer was paid via his consultancy company and a separate agreement had been entered into with that company. From 1 October 2019, all of Jeremy Hamer's salary will be paid directly through the payroll.

All Directors receive a formal letter of appointment setting out the terms of their appointment, the powers and duties of Directors and the fees pertaining to the appointment. Appointment letters for new Directors contain an assessment of the anticipated time commitment of the appointment and Directors are asked to undertake that they will have sufficient time to carry out what is expected of them and to disclose their other significant commitments to the Board before appointment. Copies of the

letters appointing the Directors are made available for inspection at each General Meeting of the Company and on application to the Company Secretary.

A Director's appointment may be terminated on notice being given by the Director or the Company and in certain other circumstances. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

By order of the Board

ISCA Administration Services Limited

Company Secretary

3 December 2019

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies ("AIC") Code of Corporate Governance 2016 (the "AIC Code") for the financial year ended 30 September 2019. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide as outlined above, will provide the most appropriate information to Shareholders.

The AIC Code has been endorsed by the Financial Reporting Council ("FRC") which has confirmed that in complying with the AIC Code, the Company will meet its obligations in relation to the UK Code and paragraph 9.8.6 of the Listing Rules. The AIC Code is available online at: www.theaic.co.uk.

A copy of the UK Code can be found at www.frc.org.uk.

This statement has been compiled in accordance with the FCA's Disclosure and Transparency Rule (DTR) 7.2 on Corporate Governance Statements.

The Board considers that the Company has complied fully with the AIC Code and the relevant provisions of the UK Code, as set out below.

Compliance with the UK Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code 2016 except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

As an investment company managed by third parties, the Company does not employ a Chief Executive, nor any executive Directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PwC, and the annual statutory audit as well as the size of the Company's operations, gives the Board confidence that an internal audit function is not appropriate. The Company is therefore not reporting further in respect of these areas.

The Board has further considered the principles of the UK Code and believes that the Company has complied with the provisions thereof for the year under review, except as outlined above.

With effect from 1 October 2019, the Company will comply with the AIC Code of Corporate Governance issued in February 2019.

The Board

Following Timothy Woodcock's appointment, the Board comprises five non-executive Directors. Each brings a range of relevant expertise, experience and judgement to the Board. Jocelin Harris is the Senior Independent Director. Shareholders should initially contact the Company Secretary if they have concerns. Shareholders may then contact Mr Harris if they have concerns which have failed to be resolved through the Chairman or Investment Manager or where such contact is inappropriate. The Directors believe that this structure is right for the Company given its current size and the nature of its business.

Details of the Directors' other significant time commitments are disclosed on pages 28 and 29 of this Annual Report.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

Matters specifically reserved for decision by the Board have been defined. These include compliance with the requirements of the Companies Act, the UK Listing Authority, AIFMD, the London Stock Exchange and UK Accounting Standards; changes relating to the Company's capital structure or its status as a public limited company; Board and committee appointments and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business. The Board as a whole considers management engagement, nomination and remuneration matters rather than delegating these to committees, as all of the current Directors are considered independent of the Investment Manager. Management engagement matters include an annual review of the Company's service providers, with a particular emphasis on reviewing the Investment Manager in terms of investment performance, quality of information provided to the Board and remuneration. The Board as a whole considers Board and Committee appointments and the remuneration of individual Directors.

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors also have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. If ultimately a Director feels it necessary to resign, a written statement should be provided to the Chairman, for circulation to the Board.

Director's attendance at Board and Committee meetings

The table below details the formal Board and Audit Committee meetings attended by the Directors during the year. Four regular Board meetings and four Audit Committee meetings were held during the year with additional ad-hoc meetings being held where necessary during the year.

| Director | Board | Audit Committee |
|---|-------|-----------------|
| Peter Dicks | 4 (4) | 4 (4) |
| Charlotta Ginman | 4 (4) | 4 (4) |
| Jeremy Hamer | 4 (4) | 4 (4) |
| Jocelin Harris | 4 (4) | 4 (4) |
| Timothy Woodcock (appointed 10 June 2019) | 1 (1) | 1 (1) |

Tenure

All Directors are subject to election by Shareholders at the first AGM following their appointment.

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations on tenure for Directors. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a Director's independence. The Board does not believe that a Director should be appointed for a finite period. The AIC Code does recommend that it should have a policy on tenure of its Chairman. The Board has noted that there is no requirement under the AIC Code for its Chairman to stand down after nine years and has welcomed the flexibility this brings to having a longer serving and experienced Chairman. However, having served for eighteen years as Chairman, and as stated in the Company's half year report Peter Dicks has announced his intention to retire from the Board in 2020. Upon the appointment of a new Chairman the Company will review and publish its ongoing tenure policy for the Chairman.

Peter Dicks, Jocelin Harris and Jeremy Hamer have all served longer than nine years, however, the Board considers they that they remain independent of the Investment Manager as they continue to offer independent, professional judgement and constructive challenge to the Investment Manager. In accordance with the AIC Code, all Directors will offer themselves for re-election annually.

| | Date of appointment | Last retirement by rotation/re-election | Next election/re-election due |
|------------------|---------------------|---|-------------------------------|
| Peter Dicks | 1 October 2001 | AGM 10 January 2019 | AGM 2020 |
| Charlotta Ginman | 14 July 2016 | Elected AGM 12 January 2017 | AGM 2020 |
| Jeremy Hamer | 9 March 2010 | AGM 12 January 2017 | AGM 2020 |
| Jocelin Harris | 25 April 2006 | AGM 10 January 2019 | AGM 2020 |
| Timothy Woodcock | 10 June 2019 | N/A | AGM 2020 |

Independence of Directors

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, all of the Directors are independent of the Investment Manager. Peter Dicks is a shareholder of Mears Group plc and Antler Holdco (Interactive Investor). Jocelin Harris is a shareholder in Antler Holdco (Interactive Investor), Lloyds Banking Group plc, Vodafone plc, Totally plc and Vianet Group plc. Jeremy Hamer is the non-executive chairman of Uvenco plc, holding 2.3% of the issued share capital, a non-executive director and a shareholder in Access Intelligence plc, and a shareholder in Kellan plc, Avingtrans plc and Netcall plc. Charlotta Ginman is a non-executive director and shareholder of Keywords Studios plc and a shareholder in Lloyds Banking Group plc. Timothy Woodcock is a shareholder in Lloyds Banking Group plc, Tesco plc, Legal and General plc and Vodafone plc.

The Directors who were independent of each potential conflict noted above, considered the circumstances and agreed that all of the relevant Directors in each case remained independent of the Investment Manager. This is because these relationships were not of a material size to their assets and other business activities nor to those of the Company. There are no other contracts or investments in which the Directors have declared an interest.

The above potential conflicts, along with other potential conflicts, have been reviewed by the Board in accordance with the procedures under the Articles of Association and applicable rules and regulations and have been authorised by the Board in accordance with these procedures. The Articles allow the Directors not to disclose information relating to a conflict where to do so would amount to a breach of confidence. The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any discussions or decisions relating to such investments. The Directors inform the Board of changes to their other appointments as necessary. The Board reviews the authorisations relating to conflicts quarterly.

Appointment letters for new Directors include an assessment of the expected time commitment for each Board position and new Directors are asked to give an indication of their other significant time commitments. The Board adopted a formal process of recruitment when seeking the appointment of a new Director.

The Board aims to include a balance of skills and experience that the Directors believe to be appropriate to the management of the Company. The Chairman fully meets the independence criteria as set out in the AIC Code. The effectiveness of the Board and the Chairman is reviewed annually as part of the internal control process led by the Senior Independent Director.

Corporate Governance Statement

The Senior Independent Director evaluates all responses and provides feedback to the Board. In the year under review, he concluded that the composition and performance of the Board was effective. The Directors monitor the continuing independence of the Chairman and inform him of their discussions.

All of the Directors are involved at an early stage in the process of structuring the launch of any Offers that may be agreed by the Board.

Management

Investment Manager

Unicorn Asset Management Limited ("UAML") was appointed as Investment Manager to the Company on 1 October 2001. This agreement was amended on 9 March 2010, 12 April 2010 and again on 1 October 2018. Under the terms of the Company's Investment Management Agreement ("IMA"), the Investment Manager is empowered to give instructions in relation to the management of investments and other assets including subscribing, purchasing, selling and otherwise dealing in qualifying and non-qualifying investments and to enter into and perform contracts, agreements and other undertakings that are necessary to the carrying out of its duties under the Agreement in accordance with specific written arrangements laid down by the Board. Board approval is required before any investment is made or realised in unquoted investments.

The Investment Manager reviews investee company voting requirements as necessary and maintains a policy of automatically voting in favour of resolutions proposed at investee company General Meetings unless there are circumstances where the Company's interests or reputation may be adversely affected.

The Directors regularly review the investment performance of the Investment Manager. Terms of the IMA and policies covering key operational issues are reviewed with the Investment Manager at least annually. The Board believes that the continued appointment of the Investment Manager remains in Shareholders' best interests and the investment criteria remain appropriate. Furthermore, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review, Top Ten Holdings and the Investment Portfolio Summary on pages 12 to 27 and the Financial Highlights on page 1. Details of the management fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 53. The Board and the Investment Manager aim to operate in a co-operative and open manner while the Board maintains its oversight obligations.

Company Secretary and Company Administrator

ISCA Administration Services Limited was appointed as the Company Secretary and Administrator under a contract dated 1 September 2014. The fees paid are shown in note 4 on page 54.

Corporate Broker

The Company has retained Panmure Gordon (UK) Limited as its corporate broker.

VCT status monitoring

The Company has retained PwC to advise on an ongoing basis its compliance with the legislative requirements relating to VCTs. PwC reviews new investment proposals as appropriate and carries out biannual reviews of the Company's investment portfolio from a VCT regulation perspective.

Internal controls

The Board is responsible for the Company's internal financial controls and internal control and risk management systems. It has delegated the monitoring of these systems, on which the Company is reliant, to the Audit Committee (the "Committee").

Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss. They aim to ensure the maintenance of proper accounting records, the reliability of published financial information and the information used for business making decisions and that the assets of the Company are safeguarded.

The Committee has put in place procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Internal Control: Revised Guidance for Directors as issued by the Financial Reporting Council ("FRC"). The review covers consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board or Committee level; reporting by service providers and controls relied upon by the Board or Committee; exceptions for consideration by the Board or Committee; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board or Committee's satisfaction by the Investment Manager, primarily through the medium of a diversified portfolio; this approach is described in more detail in the Investment Manager's Review.

The Committee reviews a schedule of key risks at each Committee meeting which identifies the risks, controls and deficiencies that have arisen in the quarter, and any action to be taken. Each quarter, the Committee reviews the management accounts, and Annual or Half-Yearly Reports arising therefrom, prepared by the Company Secretary and Administrator.

The main aspects of the internal controls which have been in place throughout the year in relation to financial reporting are:

- the valuations prepared by the Investment Manager are entered into the accounting system and reconciled by the Administrator. Controls are in place to ensure the effective segregation of these two tasks;

- the Administrator cross-checks the monthly valuations of Listed and AIM companies to an independent data source;
- an independent review of the unquoted investment valuations is conducted quarterly by the Committee and Board;
- bank reconciliations are carried out daily by the Administrator;
- the Board has procedures in place for the approval of expenses and payments to third parties;
- the Committee reviews the monthly investment and net asset value reports, quarterly management accounts and underlying notes to those accounts, and other RNS announcements as necessary;
- the Annual and Half-Yearly Reports are reviewed separately by the Committee prior to consideration by the Board; and
- the Board reviews all financial information prior to publication.

The Board has delegated contractually to third parties, the management of the investment portfolio, the day to day accounting, company secretarial and administration requirements and the custodial and registration services. Each of these contracts was entered into after full and proper consideration by the Board. The annual review includes a consideration of the risks associated with the Company's contractual arrangements with third party suppliers. The Board monitors and evaluates the performance of each of the service providers. The Committee also considers on an annual basis whether it is necessary for the Company to establish its own internal audit function. For the year under review, the Committee has determined that the Company does not require a separate internal audit function given that internal control reports are received from the Company's service providers, which the Committee relies upon to satisfy itself that sufficient and appropriate controls are in place.

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 10 July 2019. The Board has identified no issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Report of the Audit Committee

The Committee comprises all of the Directors and is chaired by Jeremy Hamer. It is the Company's policy to include all members of the Board on the Committee to encourage clear communication and to enable all Directors to be kept fully informed of any issues that may arise. The Committee Chairman attended a number of audit briefings throughout the year with the Investment Manager, Administrator and the External Auditor as appropriate on several key issues and reported back to the Committee accordingly. The Board has satisfied itself that at least one member of the Committee has recent and relevant financial experience in the sector in which the Company operates and that the Committee has sufficient resources to undertake its duties. The Board members are all independent of the Investment Manager.

The Committee meets at least four times per year and its responsibilities are set out in its terms of reference, which are available on the Company's website (www.unicornaimvct.co.uk) or can be requested from the Company Secretary.

During the year under review, the Members of the Committee have:

- reviewed several iterations of the Company's Annual Report and Half-Yearly Report and assessed them against the AIC Code to ensure that relevant disclosures have been included;
- reviewed its terms of reference to ensure that they are compliant with best practice guidance issued by the Institute of Chartered Secretaries and Administrators on Audit Committees;
- reviewed and approved the External Auditor's terms of engagement, remuneration and independence;
- reviewed the External Auditor's audit strategy for auditing the Company's Annual Report;
- reviewed the effectiveness of the external audit process against specific criteria;
- considered and recommended to the Board for approval the re-appointment of BDO LLP as the Company's External Auditor;
- reviewed the key risks faced by the Company on a quarterly basis against a risk matrix to assess whether the key risks continue to be relevant and appropriately managed;
- reviewed the report produced by PwC bi-annually on the Company's compliance with the VCT status tests;
- reviewed the custody arrangements in place to confirm title to investments;
- reviewed the administration and secretarial services activities; and
- reviewed the cyber security of the Company and its service providers.

Financial Statements

The Committee has initial responsibility for reviewing the financial statements and reporting on any significant issues that arise in relation to the audit of the financial statements as outlined below. Any issues would be discussed with the External Auditor and Administrator at the audit planning meeting prior to the year end and at the completion of the audit of the financial statements. No conflicts arose between the Committee and the External Auditor in respect of their work during the period.

The key accounting and reporting issues considered by the Committee were:

The valuation of the Company's quoted and unquoted investments

Valuations of listed, AIM quoted and unquoted investments are prepared by the Investment Manager. All listed and AIM quoted valuations are independently checked by the Administrator. All unquoted investments are reviewed on a quarterly basis, including

Corporate Governance Statement

at the year end. The Committee reviewed the estimates and judgements made in relation to the unquoted investments and was satisfied they were appropriate. The Committee also discussed the controls in place over the valuation of the quoted investments and the judgements made when considering if any losses on investments held were realised, and considered that a further permanent impairment of £1.7 million was necessary as detailed in note 9 on page 57.

The Committee recommended the investment valuations to the Board for approval, which the Board accepted.

Revenue Recognition

The revenue generated from dividend income and loan stock interest has been considered by the Committee as part of its review of the Annual Report as well as the quarterly review of the management accounts prepared by the Administrator. The Committee has considered the controls in place at the Custodian over the recognition of dividends from quoted investments and the review undertaken by the Administrator to ensure that amounts received are in line with expectations.

Completeness and control of expenditure

The Committee, together with the Board, reviewed the process in place for determining the Company's expenditure. It noted that, in accordance with agreed policy, all payments over £7,500 have been authorised by at least one Director and any payments under this threshold have been authorised by the Administrator.

Following a review of several iterations of the Annual Report and consideration of the key areas of risk identified above, the Committee, together with the Board, has concluded that, as a whole, the financial statements are fair, balanced and understandable and that they provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Relationship with the External Auditor

The Committee has managed the relationship with the External Auditor, assessed the effectiveness of the external audit process and made recommendations on the appointment of the External Auditor to the Board. The External Auditor attended the Committee meeting that considered the Annual Report, as well as one further meeting with the Committee Chairman and the Administrator to discuss the draft audit strategy and draft Annual Report.

The Committee has also undertaken a review of the External Auditor and the effectiveness of the audit process. The outcome of the review has been formally minuted and summarised to the Board for consideration. When assessing the effectiveness of the process for the year under review, the Committee considered whether the Auditor has:

- demonstrated strong technical knowledge and a clear understanding of the business;
- indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;

- an audit team that is appropriately resourced;
- demonstrated a proactive approach to the audit planning process, engaging with the Committee chairman and other key individuals;
- provided a clear explanation of the scope and strategy of the audit;
- the ability to communicate clearly and promptly with the members of the Committee, the Administrator and the Investment Manager and produce comprehensive reports on its findings;
- maintained independence and objectivity; and
- charged justifiable fees in light of the scope of services provided.

The External Auditor prepared an audit strategy document which provided information on the audit team and timetable, audit scope and objectives, evaluation of materiality, initial assessment of key audit matters, confirmation of independence and proposed fees. This was reviewed and approved by the Committee, after its Chairman had attended an Audit Strategy meeting before the commencement of the year-end audit.

The Committee considered the appointment of the External Auditor and confirmed that it is satisfied with the standard of service received. Should the Committee be dissatisfied, a tender process would be undertaken. A tender was last undertaken when the Company was incorporated in 2001, although there has been more than one rotation of the engagement partner since that date. The Committee has been satisfied with the performance of the External Auditor but, as stated in the Auditor's Report on page 46 and in line with the current Ethical Standard, the External Auditor will need to step down in 2023. The Board will review the position of the External Auditor ahead of this date.

Non-audit services

The Committee has reviewed and monitored the External Auditor's independence and objectivity. As part of this, it has reviewed the nature and extent of other services supplied by the Auditor to ensure that such independence and objectivity is maintained.

The Company's policy for the provision of any non-audit services by the Company's External Auditor requires proposed services to be approved in advance by the Committee following a full and thorough assessment and consideration of any potential threats to auditor independence. The safeguards that are in place to protect the independence and objectivity of the External Auditor are also considered.

BDO does not undertake any non-audit services for the Company.

Having regard to all of the relevant factors, the Committee has recommended to the Board that, subject to Shareholder approval at the AGM to be held in 2020, BDO LLP be re-appointed as the External Auditor of the Company for the forthcoming year.

Further Disclosures

Amendment of the Company's Articles of Association

The Company may amend its Articles of Association by special resolution in accordance with section 21 of the Companies Act 2006.

Share capital and voting rights

Details of the Company's share capital can be found on page 30 and in note 13 and there are no reported substantial shareholdings. The voting rights of Shareholders are set out below:

Each Shareholder has one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all their shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time for holding the meeting.

As detailed in the Company's Articles of Association, the shares in issue rank equally in all respects and are entitled to dividends paid out of distributable reserves and the net income derived from the assets of the Company and, in the event of liquidation, any surplus arising from the assets.

Shareholders may, if they so wish, arrange for their shares to be held via a nominee or depository where they retain all financial rights, but not voting/AGM attendance rights, carried by the Company's shares.

Powers of the Directors

In addition to the powers granted to the Directors by Company Law and the Articles of Association, the Directors obtain authority from Shareholders to issue a limited number of shares, dis-apply pre-emption rights and purchase the Company's own shares. Further details can be found in the Directors' Report.

Relations with Shareholders

Communication with Shareholders is considered a high priority.

All Shareholders are entitled to receive a copy of the Annual Report. Shareholders are encouraged to agree to receive these electronically. The Board invites communications from Shareholders and there is an opportunity to question the Directors, the Chairman of the Audit Committee and the Investment Manager at the Annual General Meeting to which all Shareholders are invited.

The Company's website can be accessed by going to www.unicornaimvct.co.uk.

The Board as a whole approves the contents of the Annual and Half-Yearly Reports, voluntary interim management statements, circulars, and other Shareholder communications in order to ensure that they present a fair, balanced and understandable assessment of the Company's position and prospects and the risks and rewards to which Shareholders are exposed through continuing to hold their shares.

All proxy votes are counted, and the Chairman indicates to Shareholders at each General Meeting the number of votes for and against each resolution and the number of abstentions, after it has been voted on a show of hands. Details of the proxy votes cast for each meeting are published on the Company's website after each meeting.

The Notice of the Annual General Meeting is included in this Annual Report and is sent to Shareholders at least 20 working days before the meeting. Shareholders wishing to contact the Board should direct their communications to the Company Secretary and any queries will be passed to the relevant Director or the Board as a whole.

By order of the Board

ISCA Administration Services Limited

Company Secretary

3 December 2019



Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') (United Kingdom Accounting Standards and applicable law). 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 for the Company for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK GAAP subject to any material departures disclosed and explained in the Financial Statements; and
- prepare a Director's Report, a Strategic Report and Director's Remuneration Report which comply with the requirements of the Companies Act 2006.

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 ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provided the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The Financial Statements have been prepared in accordance with UK GAAP and give a true and fair view of the assets, liabilities, financial position and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board:

Peter Dicks

Chairman

3 December 2019

Independent Auditor's Report to the Members of Unicorn AIM VCT plc

Opinion

We have audited the financial statements of Unicorn AIM VCT plc (the "Company") for the year ended 30 September 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

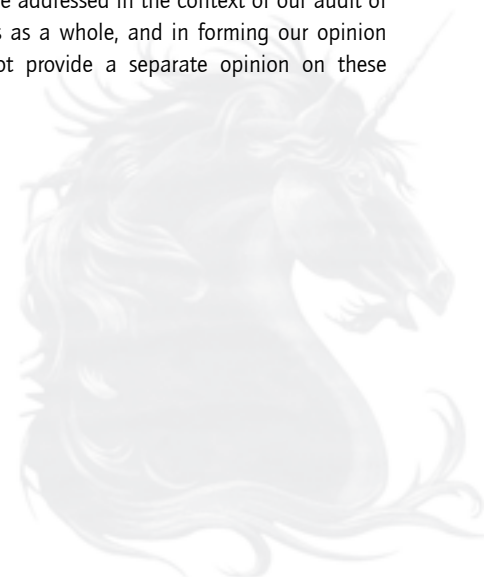
Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report to the Members of Unicorn AIM VCT plc

| Key Audit Matter | How We Addressed the Key audit matter in the Audit |
|---|--|
| <p>Valuation of investments (Note 1c and 9 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting both equity and loan stock portions.</p> <p>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of misstatement of investment valuations.</p> | <p>We tested 100% of the unquoted investment portfolio at year-end by value of investment holdings.</p> <p>Our detailed testing for such investments comprised:</p> <ul style="list-style-type: none"> ■ Obtaining the most recent accounts of the underlying investee company ■ Forming a determination of whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines ■ Re-performing the calculation of investment valuations ■ Benchmarking key inputs and estimates to independent information and our own research ■ Challenging the assumptions inherent in the valuation of unquoted investments by developing our own point estimates where alternative assumptions could reasonably be applied and considering the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased ■ Assessing the impact of the estimation uncertainty concerning these assumptions ■ Considering the economic environment in which the investment operates to identify factors that could impact the investment valuation <p>Based on the procedures performed we did not identify any indications to suggest that the valuation of the portfolio of investments was materially misstated.</p> |

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

| Materiality | Materiality Measure | Key considerations and benchmarks | Quantum (£) |
|--|---|--|--|
| Financial statement materiality (1% of gross investments) | Assessing whether the financial statements as a whole present a true and fair view. | <ul style="list-style-type: none"> ■ The value of gross investments ■ The level of judgement inherent in the valuation ■ The range of reasonable alternative valuations | £1,925,000 (30 September 2018: £2,000,000) |
| Performance materiality (75% of financial statement materiality) | Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions. | <ul style="list-style-type: none"> ■ Financial statement materiality ■ Risk and control environment ■ History of prior errors (if any) | £1,443,000 (30 September 2018: £1,500,000) |
| Specific materiality – classes of transactions and balances which impact on net realised returns (10% gross expenditure) | Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. | <ul style="list-style-type: none"> ■ Level of gross expenditure | £443,000 (30 September 2018: £420,000) |

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000 (2018: £20,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was risk based, and was developed by obtaining an understanding of the Company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

How the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the

financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent Auditor's Report to the Members of Unicorn AIM VCT plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

A further description of our 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 our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 30 September 2022 and subsequent financial periods. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 18 years, covering the years ended 30 September 2002 to 30 September 2019 and therefore the last year BDO can act as auditor before a mandatory rotation is required is 30 September 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

3 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 30 September 2019

| | Notes | Year ended 30 September 2019 | | | Year ended 30 September 2018 | | |
|---|--------|---------------------------------|------------------|-----------------|---------------------------------|------------------|----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Net unrealised (losses)/gains on investments | 9 | - | (11,102) | (11,102) | - | 16,992 | 16,992 |
| Net gains on realisation of investments | 9 | - | 650 | 650 | - | 1,628 | 1,628 |
| Income | 2 | 2,700 | 28 | 2,728 | 3,004 | - | 3,004 |
| Investment management fees | 1f & 3 | (916) | (2,748) | (3,664) | (908) | (2,724) | (3,632) |
| Other expenses | 4 | (772) | - | (772) | (691) | - | (691) |
| Profit/(loss) on ordinary activities before taxation | | 1,012 | (13,172) | (12,160) | 1,405 | 15,896 | 17,301 |
| Tax on profit/(loss) on ordinary activities | 6 | - | - | - | - | - | - |
| Profit/(loss) on ordinary activities after taxation for the financial year | | 1,012 | (13,172) | (12,160) | 1,405 | 15,896 | 17,301 |
| Basic and diluted earnings per share: Ordinary shares | 8 | 0.81p | (10.56)p | (9.75)p | 1.20p | 13.56p | 14.76p |

All revenue and capital items in the above statement derive from continuing operations of the Company.

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with applicable Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice ("AIC SORP") issued in November 2014 and updated in February 2018 with consequential amendments by the Association of Investment Companies.

The Association of Investment Companies has published its October 2019 edition of the AIC SORP which is effective for accounting periods commencing on or after 1 January 2019.

Other than revaluation movements arising on investments held at fair value through profit or loss, there were no differences between the profit as stated above and at historical cost.

The notes on pages 51 to 66 form part of these financial statements.



Statement of Financial Position

as at 30 September 2019

Company number 04266437

| | Notes | 30 September 2019 | | 30 September 2018 | |
|---|-------|-------------------|---------|-------------------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Non-current assets | | | | | |
| Investments at fair value | 9 | | 192,551 | | 200,052 |
| Current assets | | | | | |
| Debtors | 11 | 426 | | 387 | |
| Cash at bank and in hand | | 9,393 | | 1,279 | |
| | | 9,819 | | 1,666 | |
| Creditors: amounts falling due within one year | 12 | (1,254) | | (290) | |
| Net current assets | | | 8,565 | | 1,376 |
| Net assets | | | 201,116 | | 201,428 |
| Capital | | | | | |
| Called up share capital | 13 | | 1,307 | | 1,172 |
| Capital redemption reserve | | | 25 | | 99 |
| Share premium account | | | 13,856 | | 106,325 |
| Capital reserve | | | 65,535 | | 80,152 |
| Special reserve | | | 114,297 | | 7,401 |
| Profit and loss account | | | 6,096 | | 6,279 |
| Equity Shareholders' funds | | | 201,116 | | 201,428 |
| Net asset value per Ordinary share: | | | | | |
| Ordinary shares | 15 | | 153.92p | | 171.83p |

The financial statements were approved and authorised for issue by the Board of Directors on 3 December 2019 and were signed on their behalf by:

Peter Dicks
Chairman

The notes on pages 51 to 66 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 September 2019

| | Called up share capital | Capital redemption reserve | Share premium account | Unrealised capital reserve | Special reserve* | Profit and loss account* | Total |
|--|-------------------------|----------------------------|-----------------------|----------------------------|------------------|--------------------------|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 October 2018 | 1,172 | 99 | 106,325 | 80,152 | 7,401 | 6,279 | 201,428 |
| Shares repurchased for cancellation and cancelled (see Note 13) | (32) | 32 | - | - | (4,430) | - | (4,430) |
| Shares issued under Offer for Subscription (see Note 13) | 167 | - | 24,726 | - | - | - | 24,893 |
| Expenses of shares issued under Offer for Subscription (see Note 14) | - | - | (570) | - | - | - | (570) |
| Cancellation of Share premium account and Capital redemption reserve | - | (106) | (116,625) | - | 116,731 | - | - |
| Transfer to special reserve | - | - | - | - | (5,405) | 5,405 | - |
| Gains on disposal of investments (net of transaction costs) | - | - | - | - | - | 650 | 650 |
| Realisation of previously unrealised valuation movements | - | - | - | (3,515) | - | 3,515 | - |
| Capital dividend received | - | - | - | - | - | 28 | 28 |
| Net decreases in unrealised valuations in the year | - | - | - | (11,102) | - | - | (11,102) |
| Dividends paid (note 7) | - | - | - | - | - | (8,045) | (8,045) |
| Investment Management fee charged to capital | - | - | - | - | - | (2,748) | (2,748) |
| Revenue return for the year | - | - | - | - | - | 1,012 | 1,012 |
| At 30 September 2019 | 1,307 | 25 | 13,856 | 65,535 | 114,297 | 6,096 | 201,116 |
| At 1 October 2017 | 1,076 | 77 | 87,090 | 65,784 | 13,736 | 7,743 | 175,506 |
| Shares repurchased for cancellation and cancelled (see Note 13) | (22) | 22 | - | - | (3,102) | - | (3,102) |
| Shares issued under Offer for Subscription (see Note 13) | 118 | - | 19,714 | - | - | - | 19,832 |
| Expenses of shares issued under Offer for Subscription (see Note 13) | - | - | (479) | - | - | - | (479) |
| Transfer to special reserve | - | - | - | - | (3,233) | 3,233 | - |
| Gains on disposal of investments (net of transaction costs) | - | - | - | - | - | 1,628 | 1,628 |
| Realisation of previously unrealised valuation movements | - | - | - | (2,624) | - | 2,624 | - |
| Unclaimed dividends and other income released by Rensburg | - | - | - | - | - | 15 | 15 |
| Net increases in unrealised valuations in the year | - | - | - | 16,992 | - | - | 16,992 |
| Dividends paid (note 7) | - | - | - | - | - | (7,645) | (7,645) |
| Investment Management fee charged to capital | - | - | - | - | - | (2,724) | (2,724) |
| Revenue return for the year | - | - | - | - | - | 1,405 | 1,405 |
| At 30 September 2018 | 1,172 | 99 | 106,325 | 80,152 | 7,401 | 6,279 | 201,428 |

* The special reserve and profit and loss account are distributable to Shareholders. As detailed in the Chairman's Statement on page 3, the cancellation of the Share premium account and Capital redemption reserve was approved by the Court on 26 March 2019.

The notes on pages 51 to 66 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 September 2019

| | Notes | 30 September 2019 | | 30 September 2018 | |
|---|-------|-------------------|----------------|-------------------|-----------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Operating activities | | | | | |
| Investment income received | | 2,657 | | 3,011 | |
| Investment management fees paid | | (2,691) | | (3,648) | |
| Other cash payments | | (855) | | (787) | |
| Net cash outflow from operating activities | 16 | | (889) | | (1,424) |
| Investing activities | | | | | |
| Rensburg unclaimed dividends and other income | | - | | 15 | |
| Purchase of investments | 9 | (23,115) | | (48,526) | |
| Sale of investments | 9 | 20,270 | | 24,709 | |
| Net cash outflow from investing activities | | | (2,845) | | (23,802) |
| Net cash outflow before financing | | | (3,734) | | (25,226) |
| Financing | | | | | |
| Dividends paid | 7 | (8,045) | | (7,645) | |
| Shares issued under Offers for Subscription (net of transaction costs) | 14 | 24,323 | | 19,159 | |
| Shares repurchased for cancellation | 13 | (4,430) | | (3,102) | |
| Net cash inflow from financing | | | 11,848 | | 8,412 |
| Net increase/(decrease) in cash and cash equivalents | | | 8,114 | | (16,814) |
| Cash and cash equivalents at 30 September 2018 | | | 1,279 | | 18,093 |
| Cash and cash equivalents at 30 September 2019 | | | 9,393 | | 1,279 |

The reduced management fee paid reflects the switch from payment in advance to payment in arrears as discussed in note 3.

The notes on pages 51 to 66 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2019

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

a) Basis of accounting

The financial statements have been prepared under FRS 102 and the SORP issued by the Association of Investment Companies in November 2014 and updated in February 2018 with consequential amendments. The Association of Investment Companies has published its October 2019 edition of the AIC SORP which is effective for accounting periods commencing on or after 1 January 2019.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20% of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at "fair value through profit or loss". The Company is exempt from preparing consolidated accounts under the investment entities exemption as permitted by FRS 102.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments designated as fair value through profit or loss.

As a result of the Directors' decision to distribute capital profits by way of a dividend, the Company revoked its investment company status as defined under section 266(3) of the Companies Act 1985, on 17 August 2004.

b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Statement of Total Comprehensive Income. The revenue column of the profit attributable to Shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 274 Income Tax Act 2007.

c) Investments

All investments held by the Company are classified as "fair value through profit or loss", in accordance with FRS102. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income and in accordance with the Company's risk management and investment policy. In the preparation of the valuations of assets, in accordance with current IPEV guidelines, the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

- For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market.
- Unquoted investments are reviewed at least quarterly to ensure that the fair values are appropriately stated and are valued in accordance with current IPEV guidelines, as updated in December 2018, which relies on subjective estimates. Fair value is established by assessing different methods of valuation, such as price of recent transaction, earnings multiples, discounted cash flows and net assets. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.
- Where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where it is considered the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.
- Redemption premiums on loan stock investments are recognised at fair value when the Company receives the right to a premium and when considered recoverable.

d) Income

Dividends receivable on quoted equity shares are taken to revenue on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares are recognised on a time apportioned basis so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield.

Dividends are allocated to revenue or capital depending on whether the dividend is of a revenue or capital nature. Capital reconstructions or reorganisations of the investee company resulting in the payment of a dividend may be considered to be of a capital nature. Such dividends are reviewed on a case by case basis.

Notes to the Financial Statements

for the year ended 30 September 2019

e) Capital reserves

(i) Realised (included within the Profit and Loss Account reserve)

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments; and
- Transaction costs incurred in the acquisition of investments.

(ii) Unrealised capital reserve (Revaluation reserve)

Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit or loss, all such movements through both unrealised and realised capital reserves are shown within the Income Statement for the year.

(iii) Special reserve

The costs of share buybacks are charged to this reserve. In addition, any realised losses on the sale of investments, and 75% of the management fee expense, and the related tax effect, are transferred from the Profit and Loss Account reserve to this reserve. The reserve can also be used for distributions made by the Company.

f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are charged to capital, and with the further exception that 75% of the fees payable to the Investment Manager are charged against capital. This is in line with the allocation followed by most other VCTs.

g) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilised.

Any tax relief obtained in respect of management fees allocated to capital is credited to the capital reserve – realised and a corresponding amount is charged against revenue. The tax relief is the amount by which any corporation tax payable is reduced as a result of these capital expenses.

h) Cash and cash equivalents

This includes cash at bank and in hand.

i) Judgements and estimates

The preparation of the financial statements requires the Company to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenditure during the year. The nature of estimation means that the actual outcomes may differ from such estimates, possibly significantly. The judgements mainly relate to the value of unquoted investments as shown in note 9, where there is no available market price.

2 Income

| | 2019 | | | 2018 | | |
|---|------------------|------------------|----------------|------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Income from investments | | | | | | |
| – equities | 2,432 | 28 | 2,460 | 2,739 | – | 2,739 |
| – loan stocks | 36 | – | 36 | 93 | – | 93 |
| – bank interest | 16 | – | 16 | 8 | – | 8 |
| – Unicorn managed OEICs (including reinvested dividends) | 216 | – | 216 | 164 | – | 164 |
| Total income | 2,700 | 28 | 2,728 | 3,004 | – | 3,004 |
| Total income comprises: | | | | | | |
| Dividends | 2,648 | 28 | 2,676 | 2,903 | – | 2,903 |
| Interest | 52 | – | 52 | 101 | – | 101 |
| | 2,700 | 28 | 2,728 | 3,004 | – | 3,004 |
| Income from investments comprises: | | | | | | |
| Listed UK securities | 866 | – | 866 | 1,152 | – | 1,152 |
| Unlisted UK securities (AIM and unquoted companies) | 1,834 | 28 | 1,862 | 1,852 | – | 1,852 |
| | 2,700 | 28 | 2,728 | 3,004 | – | 3,004 |

3 Investment Management fees

| | 2019 | | | 2018 | | |
|----------------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Unicorn Asset Management Limited | 916 | 2,748 | 3,664 | 908 | 2,724 | 3,632 |

Unicorn Asset Management Limited (“UAML”) receive an annual management fee of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, up to net assets of £200 million and 1.5% of net assets in excess of £200 million. If the Company raises further funds during a quarter the net asset value for that quarter is reduced by an amount equal to the amount raised, net of costs, multiplied by the percentage of days in that quarter prior to the funds being raised. The annual management fee charged to the Company is calculated and payable quarterly in arrears. In the year ended 30 September 2019, UAML also earned fees of £37,000 (2018: £69,000), being OEIC management fees calculated on the value of the Company’s holdings in each OEIC on a daily basis. This management fee is 0.75% per annum of the OEIC value for each of Unicorn UK Smaller Companies OEIC, Unicorn UK Growth OEIC (formerly Unicorn Free Spirit OEIC) and Unicorn UK Ethical Fund OEIC.

Until 30 September 2018, the annual management fee was calculated and payable quarterly in advance, at the rate of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs.

The management fee will be subject to repayment to the extent that there is an excess of the annual costs of the Company incurred in the ordinary course of business over 2.75% (3.6% until 30 September 2018) of the closing net assets of the Company at the year end. There was no excess of expenses for year 2018/19 or the prior year.

Notes to the Financial Statements

for the year ended 30 September 2019

4 Other expenses

| | 2019 | 2018 |
|--|-------|-------|
| | £'000 | £'000 |
| Directors' remuneration | 118 | 104 |
| IFA trail commission | 148 | 158 |
| Administration services | 165 | 150 |
| Broker's fees | 14 | 14 |
| Custody fees | 51 | 51 |
| Auditors' fees | | |
| – for audit related services pursuant to legislation | 32 | 25 |
| VCT compliance monitoring fees | 11 | 11 |
| Other professional fees (including taxation fees) | 84 | 31 |
| Directors' and officers' insurance | 6 | 6 |
| Registrar's fees | 58 | 60 |
| Printing | 28 | 24 |
| Sundry | 57 | 57 |
| | 772 | 691 |

5 Directors' remuneration

| | 2019 | 2018 |
|---|-------|-------|
| | £'000 | £'000 |
| Directors' emoluments | | |
| Peter Dicks | 30 | 29 |
| Charlotta Ginman | 25 | 23 |
| Jeremy Hamer | 28 | 26 |
| Jocelin Harris | 28 | 26 |
| Timothy Woodcock (appointed 10 June 2019) | 7 | – |
| | 118 | 104 |

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable.

The Company has no employees.

6 Taxation on ordinary activities

a) Analysis of tax charge in the year

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Current and total tax charge (Note 6b) | - | - |

b) Factors affecting tax charge for the year:

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| (Loss)/profit on ordinary activities before tax | (12,160) | 17,301 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | (2,310) | 3,287 |
| Non-taxable UK dividend income | (508) | (552) |
| Non-taxable unrealised (losses)/gains | 2,109 | (3,228) |
| Non-taxable realised gains | (124) | (309) |
| Allowable expense not charged to revenue | 522 | 518 |
| Deferred tax not recognised | 311 | 284 |
| Actual current charge - revenue | - | - |
| Impact of allowable expenditure credited to capital reserve | (522) | (518) |
| Additional losses carried forward to future years | 522 | 518 |
| Actual tax charge - capital | - | - |
| Tax charge for the year | - | - |

Tax relief relating to investment management fees is allocated between Revenue and Capital in the same proportion as such fees.

There is no taxation in relation to capital gains or losses. Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to maintain this status in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The amount of surplus management expenses carried forward is £31,319,000 (30 September 2018: £26,935,000).



Notes to the Financial Statements

for the year ended 30 September 2019

7 Dividends

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Amounts recognised as distributions to equity holders in the year: | | |
| Interim capital dividend of 2.8 pence (2018: 2.8 pence) per share for the year ended 30 September 2019 paid on 9 August 2019 | 3,698 | 3,293 |
| Interim income dividend of 0.2 pence (2018: 0.2 pence) per share for the year ended 30 September 2019 paid on 9 August 2019 | 264 | 235 |
| Final capital dividend of 2.5 pence (2018: 2.5 pence) per share for the year ended 30 September 2018 paid on 1 February 2019 | 2,916 | 2,972 |
| Final income dividend of 1.0 pence (2018: 1.0 pence) per share for the year ended 30 September 2018 paid on 1 February 2019 | 1,167* | 1,189 |
| Total dividends paid in the year | 8,045 | 7,689 |
| Unclaimed dividends returned | - | (44) |
| | 8,045 | 7,645 |

The proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

* The amount paid in dividends for 2018 differs from that shown in last years Annual Report as 561,055 shares were bought back between 26 November 2018 and the record date of 11 January 2019.

Set out below are the total income dividends payable in respect of the 2018/19 financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Revenue available for distribution by way of dividends for the year | 1,012 | 1,405 |
| Interim income dividend paid of 0.2 pence (2018: 0.2 pence) | 264 | 235 |
| Proposed final income dividend of 0.5 pence (2018: 1.0 pence) for the year ended 30 September 2019 | 652† | 1,172 |

† Based on 130,491,369 shares in issue at the date of this report.

8 Basic and diluted earnings and return per share

| | 2019 £'000 | 2018 £'000 |
|--|-----------------|---------------|
| Total earnings after taxation: | (12,160) | 17,301 |
| Basic and diluted earnings per share (Note a) | (9.75)p | 14.76p |
| Net revenue from ordinary activities after taxation | 1,012 | 1,405 |
| Revenue earnings per share (Note b) | 0.81p | 1.20p |
| Total capital return | (13,172) | 15,896 |
| Capital earnings per share (Note c) | (10.56)p | 13.56p |
| Weighted average number of shares in issue during the year | 124,761,066 | 117,250,279 |

Notes

- a) Basic and diluted earnings per share is total earnings after taxation divided by the weighted average number of shares in issue during the year.
 b) Revenue earnings per share is net revenue after taxation divided by the weighted average number of shares in issue during the year.
 c) Capital earnings per share is total capital return divided by the weighted average number of shares in issue during the year.

There are no instruments in place that may increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

9 Investments at fair value

| | Fully listed £'000 | Traded on AIM £'000 | Unlisted shares £'000 | Unlisted loan stock £'000 | Unicorn OEIC funds £'000 | 2019 Total £'000 | 2018 Total £'000 |
|---|-----------------------|------------------------|--------------------------|------------------------------|-----------------------------|---------------------|---------------------|
| Opening book cost at 30 September 2018 | 15,690 | 95,276 | 13,859 | 300 | 2,215 | 127,340 | 99,125 |
| Unrealised gains at 30 September 2018 | 2,842 | 68,930 | 5,737 | - | 2,642 | 80,151 | 65,785 |
| Permanent impairment in value of investments | - | (5,072) | (2,367) | - | - | (7,439) | (7,439) |
| Opening valuation at 30 September 2018 | 18,532 | 159,134 | 17,229 | 300 | 4,857 | 200,052 | 157,471 |
| Purchases at cost | 12,042 | 5,840 | 1,250 | - | 4,012 | 23,144 | 48,551 |
| Sale proceeds | (8,873) | (9,901) | - | - | (1,496) | (20,270) | (24,709) |
| Net realised gains/(losses) | 487 | 545 | - | - | (305) | 727 | 1,747 |
| (Decrease)/increase in unrealised gains | (2,793) | (22,378) | 14,620 | - | (551) | (11,102) | 16,992 |
| Closing valuation at 30 September 2019 | 19,395 | 133,240 | 33,099 | 300 | 6,517 | 192,551 | 200,052 |
| Book cost at 30 September 2019 | 19,726 | 95,312 | 15,109 | 300 | 5,755 | 136,202 | 127,340 |
| Unrealised (losses)/gains at 30 September 2019 | (331) | 44,747 | 20,357 | - | 762 | 65,535 | 80,151 |
| Permanent impairment in value of investments (see note) | - | (6,819) | (2,367) | - | - | (9,186) | (7,439) |
| Closing valuation at 30 September 2019 | 19,395 | 133,240 | 33,099 | 300 | 6,517 | 192,551 | 200,052 |

Transaction costs on the purchase and disposal of investments of £77,000 were incurred in the year. These have not been deducted from realised gains shown above of £727,000, but have been deducted in arriving at gains on realisation of investments disclosed in the Income Statement of £650,000.

Note: Permanent impairments of £7,439,000 continue to be held in respect of losses on quoted investments held at the year end. There were additional impairments provided for in the year amounting to £1,747,000.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flows is £29,000 which represents the reinvested dividends on the Unicorn Ethical Fund.



Notes to the Financial Statements

for the year ended 30 September 2019

10 Significant interests

At 30 September 2019 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

| Stock | Equity investment (ordinary shares) £'000 | Investment in loan stock and preference shares £'000 | Total investment (at cost) £'000 | Percentage of investee company's total voting rights % |
|----------------------------|---|---|---|---|
| Hasgrove | 1,329 | - | 1,329 | 21.0 |
| LightwaveRF | 2,616 | - | 2,616 | 18.5 |
| Microsaic Systems | 1,500 | - | 1,500 | 16.4 |
| ECSC Group | 2,420 | - | 2,420 | 15.9 |
| nkoda | 2,500 | - | 2,500 | 12.6 |
| Surface Transforms | 2,646 | - | 2,646 | 12.3 |
| Trackwise Designs | 1,750 | - | 1,750 | 11.3 |
| Access Intelligence | 3,232 | 300 | 3,532 | 10.8 |
| Osirium Technologies | 2,000 | - | 2,000 | 10.3 |
| Directa Plus | 3,400 | - | 3,400 | 9.4 |
| Immotion Group | 1,950 | - | 1,950 | 8.9 |
| Anpario | 1,516 | - | 1,516 | 8.6 |
| PHSC | 253 | - | 253 | 8.5 |
| Falanx Group | 1,500 | - | 1,500 | 8.3 |
| VR Education Holdings | 1,588 | - | 1,588 | 8.2 |
| HML Holdings | 446 | - | 446 | 8.1 |
| Dillistone Group | 1,078 | - | 1,078 | 8.1 |
| Escape Hunt | 2,000 | - | 2,000 | 8.1 |
| Bonhill Group | 3,160 | - | 3,160 | 7.8 |
| Heartstone Inns | 1,113 | - | 1,113 | 7.3 |
| Wey Education | 2,150 | - | 2,150 | 7.2 |
| Crawshaw Group | 1,539 | - | 1,539 | 6.4 |
| Avingtrans | 1,864 | - | 1,864 | 6.2 |
| Phynova | 1,000 | - | 1,000 | 5.9 |
| Hardide | 1,832 | - | 1,832 | 5.8 |
| Belvoir Lettings | 2,362 | - | 2,362 | 5.8 |
| ULS Technology | 1,500 | - | 1,500 | 5.8 |
| Tracsis | 1,500 | - | 1,500 | 5.7 |
| Fusion Antibodies | 1,000 | - | 1,000 | 5.5 |
| MaxCyte | 3,617 | - | 3,617 | 5.3 |
| Syndicate Room | 1,250 | - | 1,250 | 5.3 |
| Interactive Investor | 3,447 | - | 3,447 | 4.9 |
| Invu | 205 | - | 205 | 4.9 |
| City Pub Group | 3,565 | - | 3,565 | 4.8 |
| PCI-PAL | 900 | - | 900 | 4.7 |
| Tristel | 878 | - | 878 | 3.7 |
| Mattioli Woods | 1,627 | - | 1,627 | 3.6 |
| Instem | 985 | - | 985 | 3.5 |
| Touchstar Technologies | 337 | - | 337 | 3.4 |
| Surgical Innovations Group | 463 | - | 463 | 3.4 |
| Avacta Group | 1,000 | - | 1,000 | 3.4 |
| Omega Diagnostics | 518 | - | 518 | 3.2 |
| Totally | 3,106 | - | 3,106 | 3.2 |
| Driver Group | 1,113 | - | 1,113 | 3.1 |
| Augean | 1,576 | - | 1,576 | 3.1 |
| Pressure Technologies | 1,142 | - | 1,142 | 3.1 |

All of the above companies are incorporated in the United Kingdom.

At 30 September 2019, the Company held 2.1% of the B shares issued by Unicorn UK Smaller Companies Fund, 1.7% of the B shares issued by the Unicorn UK Growth Fund, 30.0% of the Income B shares issued and 3.9% of the Accumulation B shares issued by the Unicorn UK Ethical Income Fund. Unicorn UK Smaller Companies Fund, Unicorn UK Growth Fund and Unicorn UK Ethical Income Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

The total percentage of equity held in the Company's investments by funds managed by UAML is disclosed in the Investment Portfolio Summary on pages 18 to 27 of this Report.

11 Debtors

| | 2019 | 2018 |
|--------------------------------|-------|-------|
| | £'000 | £'000 |
| Amounts due within one year: | | |
| Prepayments and accrued income | 426 | 387 |
| | 426 | 387 |

12 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|-----------------|-------|-------|
| | £'000 | £'000 |
| Other creditors | - | 10 |
| Accruals | 1,254 | 280 |
| | 1,254 | 290 |

13 Called up share capital

| | 2019 | 2018 |
|---|-------|-------|
| | £'000 | £'000 |
| Allotted, called-up and fully paid: | | |
| Ordinary shares of 1p each: 130,660,071 (2018: 117,226,048) | 1,307 | 1,172 |

During the year, the Company made purchases of 3,273,771 (a total of £32,738 nominal value) of its own Ordinary shares for a total cost of £4,430,000 representing 2.8% of the opening share capital.

In January 2019, the Company announced an Offer for Subscription which remained open until 4 April 2019. The Company allotted 16,707,794 Ordinary shares representing 14.3% of the opening share capital at prices ranging from 146.6 pence per share to 155.8 pence per share, raising net funds of £24,323,000 from gross funds raised of £24,893,000.

14 Reserves

The full details of the changes in reserves are shown in the Statement of Changes in Equity on page 49.

During the year the Company made an application to the High Court to cancel the Share premium account and Capital redemption reserve and to add to the Special reserve. The court approved the cancellation on 26 March 2019.

The purpose of the Special reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the Shareholders, make distributions and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. The total transfer of £3,658,000 to the Special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year.

Reconciliation of the Statement of Cash Flows to the Statement of Changes in Equity.

The Statement of Cash Flows discloses an inflow of funds of £24,323,000 being shares issued under the Offer for Subscription of £24,893,000, less expenses of shares issued under the Offer for Subscription. Total expenses were £570,000, being 2.5% of amounts subscribed under the Offer less any early bird discount, payable to the Investment Manager as Promoter to the Offer.

Notes to the Financial Statements

for the year ended 30 September 2019

15 Net asset value

| | 2019 | 2018 |
|---------------------------|--------------|--------------|
| Net Assets | £201,116,000 | £201,428,000 |
| Number of shares in issue | 130,660,071 | 117,226,048 |
| Net asset value per share | 153.92p | 171.83p |

16 Reconciliation of (loss)/profit for the year to net cash outflow from operating activities

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| (Loss)/profit for the year | (12,160) | 17,301 |
| Net unrealised losses/(gains) on investments | 11,102 | (16,992) |
| Net gains on realisation of investments | (650) | (1,628) |
| Transaction costs | (77) | (119) |
| (Increase)/decrease in debtors and prepayments | (39) | 29 |
| Increase in creditors and accruals | 964 | 10 |
| Reconciling items – dividends reinvested | (29) | (25) |
| Net cash outflow from operating activities | (889) | (1,424) |

17 Financial instruments

The Company's financial instruments comprise:

- Equity, preference shares, OEICs and loan stocks that are held in accordance with the Company's investment objective.
- Cash and short-term debtors and creditors that arise directly from the Company's operations.

The principal purpose of these financial instruments is to generate revenue and capital appreciation through the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors.

It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2019. All assets are included in the Statement of Financial Position at fair value and all liabilities at amortised cost which equates to fair value.

| | 2019 (Book and fair value) £'000 | 2018 (Book and fair value) £'000 |
|---|--|--|
| Assets at fair value through profit or loss: | | |
| Investment portfolio | 192,551 | 200,052 |
| Loans and receivables | | |
| Accrued income | 414 | 373 |
| Cash at bank | 9,393 | 1,279 |
| Liabilities at amortised cost or equivalent | | |
| Creditors | (1,254) | (290) |
| Total for financial instruments | 201,104 | 201,414 |
| Non-financial instruments | 12 | 14 |
| Total net assets | 201,116 | 201,428 |

The investment portfolio principally consists of fully listed and AIM quoted investments and collective OEIC investment funds managed by UAML, valued at their bid price which represents fair value.

The investment portfolio has a high concentration of risk towards small, UK based companies, the majority of which are quoted on the Sterling denominated UK AIM market (66.3% of net assets), within the OEIC funds managed by UAML (3.2% of net assets), unquoted investments (16.6% of net assets) and fully listed shares (9.6% of net assets).

The main risks arising from the Company's financial instruments are due to investment or market price risk, credit risk, interest rate risk and liquidity risk. There have been no changes in the nature of these risks that the Company has faced during the past year. The Board reviews and agrees policies for managing each of these risks, which are summarised below. There have been no changes in their objectives, policies or processes for managing risks during the past year.

Risk

Market Price Risk: Market price risk arises from uncertainty about the changes in market prices of financial instruments held in accordance with the Company's investment objectives. These changes in market prices are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate.

Credit Risk: Failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. The Company uses a third-party custodian, and were that entity not to segregate client assets from its own, it would expose the Company's assets so held to such risk. The Company is exposed to credit risk through its debtors and holdings of loan stocks and cash.

The Company's maximum exposure to credit risks at 30 September 2019 was:

| | 2019 £'000 | 2018 £'000 |
|----------------------------------|---------------|---------------|
| Loan stock investments | 300 | 300 |
| Accrued income and other debtors | 414 | 373 |
| Cash at bank | 9,393 | 1,279 |
| | 10,107 | 1,952 |

The following table shows the expected maturity of the loan stock investments referred to above:

| | 2019 £'000 | 2018 £'000 |
|---------------------------------------|---------------|---------------|
| Repayable or converting within | | |
| 0 to 1 year | 300 | - |
| 1 to 2 years | - | 300 |
| 2 to 3 years | - | - |
| 3 to 4 years | - | - |
| 4 to 5 years | - | - |
| Total | 300 | 300 |

Loan stock of £300,000 was repaid on 7 November 2019.

Liquidity Risk: The Company's investments in the equity, preference shares and loan stocks of unlisted and AIM listed companies and its OEIC holdings are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the Company may not be able to realise the investments at their carrying value if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements for continuing to qualify as a Venture Capital Trust.

Notes to the Financial Statements

for the year ended 30 September 2019

The maturity profile of the Company's financial liabilities, including creditors is as follows:

| | 2019 | 2018 |
|-----------------------|-------|-------|
| | £'000 | £'000 |
| Within 1 year or less | 1,254 | 290 |

Interest Rate Risk: Some of the Company's financial assets are interest-bearing. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing level of market interest rates. The value of the Company's equity and non-equity investments, OEIC investments and its net revenue may be affected by interest rate movements. Investments in the portfolio include small businesses, which are relatively high risk investments which may be sensitive to interest rate fluctuations. On maturity of the Company's fixed rate non-equity investments, it may not be possible to re-invest in assets which provide the same rates as those currently held. The amount of revenue receivable from fixed interest stocks and on bank balances may be affected by fluctuations in interest rates.

Currency Risk: All assets and liabilities are denominated in Sterling and therefore there is no currency risk other than the impact currency fluctuation may have on the performance of investee companies' overseas operations.

Management of risk

Market Price Risk: At formal meetings held at least quarterly, the Board reviews the Company's exposure to market price risk inherent in the Company's portfolio. Mitigation is achieved by maintaining a spread of equities across different market sectors. The Board seeks to ensure that a proportion of the Company's assets is invested in cash and readily realisable securities. The Company does not use derivative instruments to hedge against market risk.

The three OEICS managed by UAML are diversified across a number of holdings with 100% invested in AIM and fully listed companies, or held in cash and as such, are exposed to overall market risk.

As at 30 September 2019, the Unicorn UK Growth Fund's portfolio contained stocks where 47.2% by value were in AIM listed stocks, and 45.8% is in fully listed stocks with an average market capitalisation of £1.2 billion; the Unicorn UK Smaller Companies Fund contained 37.5% by value on AIM and 61.5% in fully listed stocks with an average market capitalisation of £397 million; and the Unicorn UK Ethical Income Fund contained 16.8% in AIM shares and 72.2% in fully listed stocks with an average market capitalisation of £932 million.

Liquidity risk: Besides the maintenance of a spread of investments within the investment portfolio, the Company maintains liquidity by holding adequate levels of cash and OEIC funds which can be realised to meet the costs of future investments and running costs.

Credit Risk: All transactions are settled on the basis of delivery against payment. The Board manages market and credit risks in respect of the current investments and cash by ensuring that the Investment Manager diversifies investments and under VCT rules none may exceed 15% of the Company's total assets at the time of investment.

Credit Quality: Financial assets that are neither past due nor impaired comprise investments in equity and preference shares, investments in OEICs, investments in loan stock, cash and debtors. The credit quality of cash can be assessed with reference to external credit ratings and are currently rated as A3 or higher for cash held at NatWest and BNY Mellon. The credit quality of the loan stock and debtors cannot be readily assessed by reference to external credit ratings.

Interest Rate Risk: The Company's assets and liabilities include cash and one fixed interest non-equity stock, the value of which is reviewed by the Board, as referred to above. As most of the portfolio is non-interest bearing, the direct exposure to interest rates is insignificant. The impact of changes in interest rates on the value of the portfolio is discussed in the sensitivity analysis below.

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2019 was:

| | Financial net assets on which no interest paid £'000 | Fixed rate financial assets £'000 | Variable rate financial assets £'000 | Total £'000 | Weighted average interest rate % | Average period to maturity (years) |
|--------------------------------------|---|--------------------------------------|---|----------------|-------------------------------------|---------------------------------------|
| Equity shares | 185,436 | - | - | 185,436 | N/A | N/A |
| Preference shares | - | 298 | - | 298 | 9.25 | N/A |
| Unicorn OEICs | 6,517 | - | - | 6,517 | N/A | N/A |
| Loan stocks (repaid 7 November 2019) | - | 300 | - | 300 | 12.00 | 0.1 |
| Cash | 318 | - | 9,075 | 9,393 | N/A | N/A |
| Debtors | 414 | - | - | 414 | N/A | N/A |
| Creditors | (1,254) | - | - | (1,254) | N/A | N/A |
| Total for financial instruments | 191,431 | 598 | 9,075 | 201,104 | | |
| Other non financial assets | 12 | - | - | 12 | | |
| Total net assets | 191,443 | 598 | 9,075 | 201,116 | | |

The interest rate profile of the Company's financial net assets at 30 September 2018 was:

| | Financial net assets on which no interest paid £'000 | Fixed rate financial assets £'000 | Variable rate financial assets £'000 | Total £'000 | Weighted average interest rate % | Average period to maturity (years) |
|---------------------------------|---|--------------------------------------|---|----------------|-------------------------------------|---------------------------------------|
| Equity shares | 194,602 | - | - | 194,602 | N/A | N/A |
| Preference shares | - | 293 | - | 293 | 9.25 | N/A |
| Unicorn OEICs | 4,857 | - | - | 4,857 | N/A | N/A |
| Loan stocks | - | 300 | - | 300 | 12.00 | 1.7 |
| Cash | 830 | - | 449 | 1,279 | N/A | N/A |
| Debtors | 373 | - | - | 373 | N/A | N/A |
| Creditors | (290) | - | - | (290) | N/A | N/A |
| Total for financial instruments | 200,372 | 593 | 449 | 201,414 | | |
| Other non financial assets | 14 | - | - | 14 | | |
| Total net assets | 200,386 | 593 | 449 | 201,428 | | |

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Notes to the Financial Statements

for the year ended 30 September 2019

Sensitivity analysis

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of investments in small companies which are denominated in Sterling. Most of these assets are, or will be, held in companies quoted on the AIM Market where the Company's investment objective is to achieve a return, partly from dividends, but mainly from capital growth from realisations. The table below shows the impact on profit and net assets if there were to be a 20% movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered possible to evaluate separately the impact of changes in interest rates upon the Company's portfolio of investments in small companies.

For this purpose the investments in the OEICs managed by UAM are also included in this analysis. The Financial Highlights and the Investment Portfolio Summary at the front of this Annual Report give Shareholders further analysis in percentages of investments by asset class and market sector, and page 62 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. Shareholders should note that this level of correlation would not be the case in reality.

| | 2019 Profit and net assets £'000 | 2018 Profit and net assets £'000 |
|---|---|---|
| If overall share prices rose/fell by 20% (2018: 20%), with all other variables held constant | | |
| - increase/(decrease) | 38,450/(38,450) | 39,950/(39,950) |
| Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence) | 29.43/(29.43)p | 34.08/(34.08)p |
| If interest rates were 1% higher/(lower) (2018: 1%), with all other variables held constant | | |
| - increase/(decrease) | 3/(3) | 3/(3) |
| Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence) | 0.00/(0.00)p | 0.00/(0.00)p |

Fair value hierarchy

The table below sets out fair value measurements using FRS 102 s11.27 fair value hierarchy. The Company has one class of asset, being at fair value through profit or loss.

| Financial assets at fair value through profit or loss At 30 September 2019 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Equity investments | 152,337 | - | 33,099 | 185,436 |
| Non-equity investments | 298 | - | - | 298 |
| Loan stock investments | - | - | 300 | 300 |
| Open ended investment companies | 6,517 | - | - | 6,517 |
| Total | 159,152 | - | 33,399 | 192,551 |

| Financial assets at fair value through profit or loss At 30 September 2018 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|------------------|------------------|------------------|----------------|
| Equity investments | 177,373 | - | 17,229 | 194,602 |
| Non-equity investments | 293 | - | - | 293 |
| Loan stock investments | - | - | 300 | 300 |
| Open ended investment companies | 4,857 | - | - | 4,857 |
| Total | 182,523 | - | 17,529 | 200,052 |

There are currently no financial liabilities at fair value through profit or loss.

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

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policies in Note 1.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below:

| | Equity Investments £'000 | Loan stock investments £'000 | Total £'000 |
|--|--------------------------------|------------------------------------|----------------|
| Opening balance at 1 October 2018 | 17,229 | 300 | 17,529 |
| Purchases | 1,250 | – | 1,250 |
| Sales | – | – | – |
| Total gains included in (losses)/gains on investments in the Income Statement: | | | |
| – on assets sold | – | – | – |
| – on assets held at the year end | 14,620 | – | 14,620 |
| Closing balance at 30 September 2019 | 33,099 | 300 | 33,399 |

Level 3 unquoted equity and loan stock investments are valued in accordance with the IPEV CV guidelines as follows:

| | 30 September 2019 £'000 | 30 September 2018 £'000 |
|---|----------------------------|----------------------------|
| Investment valuation methodology | | |
| Cost (reviewed for impairment) | 1,550 | 2,800 |
| Net Asset Value | 1,161 | – |
| Price of recent investment | 950 | – |
| Discounted price of recent investment | 817 | 14,729 |
| Earnings multiple | 14,319 | – |
| Revenue/earnings multiple | 14,602 | – |
| | 33,399 | 17,529 |

The valuation methodology chosen is the most appropriate for that investment, with regard to the December 2018 IPEV CV guidelines.

Details of unquoted investments and the valuation methodology used are shown in the Investment Portfolio Summary on pages 24 and 26.

Notes to the Financial Statements

for the year ended 30 September 2019

18 Management of capital

The Board manages the Company's capital (effectively the net assets) to further the overall objective of providing an attractive return to Shareholders through maintaining a steady flow of dividend distributions from the income as well as capital gains generated by the portfolio.

Under VCT tax legislation, for accounting periods commencing after 6 April 2019, at least 80% (previously 70%) calculated by VCT valuation rules, of the Company's cash and investment assets (effectively the gross assets) must at all times be invested in UK companies that are not fully listed. As an AIM VCT, the majority of the Company's assets are held in ordinary shares quoted on the AIM market. The overall level of capital deployed will change as the value of the investments changes. It is also reduced by dividend distributions and buying in the Company's own shares.

There is limited scope to alter the Company's capital structure in the light of changing perceived risks in the Company's investment universe and in economic conditions generally. The Board may issue new shares or undertake borrowings if promising opportunities are available to the Investment Manager.

19 Segmental analysis

The operations of the Company are wholly in the United Kingdom.

20 Post balance sheet events

On 15 October 2019, the Company purchased 168,702 ordinary shares of 1 pence each, representing 0.13% of the issued share capital, for cancellation at a total cost of £232,300, equivalent to 137.7 pence per share.

On 18 October 2019, Stride Gaming was subject to a takeover. The Company received proceeds of £1.6 million realising a profit of £0.2 million.

On 7 November 2019, the Access Intelligence loan stock was repaid in full together with the related interest.

21 Capital commitments

On 30 September 2019 the Company made a capital commitment to invest £400,000 in Directa Plus.

22 Related party transactions

Details of the relationships between the Directors of the Company and Investee Companies are given in their biographies on pages 28 and 29 and the Corporate Governance Statement under "Independence of Directors" on page 37.

Shareholder Information

The Company's Ordinary shares (Code: UAV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, www.londonstockexchange.com, for the latest news and share prices of the Company. The share price is also quoted in the Financial Times and can be accessed through the Company's website www.unicornaimvct.co.uk selecting the options Fund Information then "Live Share Price".

Electronic Communications

Shareholders have previously approved a resolution to allow the Company to use its website to publish statutory documents and communications to Shareholders, such as the Annual Report and Accounts, as its default method of publication. The Directors recommend that Shareholders receive information electronically reducing costs and also the impact on environment of producing and posting paper copy reports.

Shareholders are encouraged to register on the Registrar's electronic system at <https://unicorn-aim.cityhub.uk.com> to receive communication by email and to ensure that their details are up to date. This portal system can also be used to register to receive dividend payments directly into their bank accounts.

Any Shareholders may request that they are posted copies of reports either through the 'Portal' or by contacting the Company Secretary.

Net asset value per share

The Company's latest NAV per share as at 31 October 2019 was 155.7 pence. The Company normally announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 3.5 pence per share. Subject to Shareholder approval, the dividend will be paid on 6 February 2020 to Shareholders on the Register on 10 January 2020.

Shareholders who wish to have future dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrar, The City Partnership (UK) Limited.

Dividend Reinvestment Scheme

Shareholders may elect to reinvest their dividends by subscribing for new shares in the Company. Shares will be issued at the latest published Net Asset Value prior to the allotment. For details of the scheme see the Company's website www.unicornaimvct.co.uk/dividend-reinvestment-scheme or contact the scheme administrators, The City Partnership, on 01484 240910.

Financial calendar

| | |
|-------------------|---|
| December 2019 | Circulation of Annual Report for the year ended 30 September 2019 to Shareholders |
| 30 January 2020 | Annual General Meeting |
| 10 January 2020 | Record date for Shareholders to be eligible for final dividend |
| 6 February 2020 | Payment date for final dividend subject to Shareholder approval at the Annual General Meeting |
| 31 March 2020 | Half-year end |
| May 2020 | Announcement of Half-yearly Results |
| June 2020 | Circulation of Half-yearly Report for the six months ending 31 March 2020 to Shareholders |
| August 2020 | Payment of interim dividend |
| 30 September 2020 | Year end |
| December 2020 | Announcement of final results for the year ending 30 September 2020 |

Annual General Meeting

The eighteenth Annual General Meeting (AGM) of the Company will be held on 30 January 2020 at 11.30am at The Great Hall, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN. Shareholders may arrive 15 minutes before the AGM starts when refreshments will be served to Shareholders. The Notice of the meeting is included on pages 68 to 71 of this Annual Report and a separate proxy form has been included with Shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, The City Partnership (UK) Limited, at the address given on the form, to arrive no later than 11.30am on Tuesday, 28 January 2020. Please note that you can vote your shares electronically at <https://proxy-unicorn.cpip.io/>

Shareholder enquiries:

For general shareholder enquiries, please contact ISCA Administration Services Limited (the Company Secretary) on 01392 487056 or by e-mail on unicornaimvct@iscaadmin.co.uk.

For enquiries concerning the performance of the Company, please contact the Investment Manager, Unicorn Asset Management Limited, on 020 7253 0889 or by e-mail on info@unicornam.com.

For enquiries relating to your shareholding, please contact The City Partnership (UK) Limited on +44 (0)1484 240 910 or email at registrars@city.uk.com or by post to: The City Partnership (UK) Limited, Park Valley House, Meltham Road, Huddersfield HD4 7BH.

Electronic copies of this report and other published information can be found via the Company's website, www.unicornaimvct.co.uk.

Information rights for beneficial owners of shares

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's Registrar, The City Partnership (UK) Limited, or to the Company directly.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the eighteenth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Thursday, 30 January 2020 at The Great Hall, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN for the purposes of considering the following resolutions of which resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 and 14 will be proposed as special resolutions:

1. To receive and adopt the audited Annual Report and Accounts of the Company for the year ended 30 September 2019 ("Annual Report"), together with the Directors' Report and Auditor's report thereon.
2. To approve the Remuneration Policy as set out in the Annual Report.
3. To approve the Directors' Remuneration Report as set out in the Annual Report.
4. To re-appoint BDO LLP of 150 Aldersgate Street, London EC1A 4AB as Auditor to the Company until the conclusion of the next Annual General Meeting.
5. To authorise the Directors to determine BDO LLP's remuneration as Auditor to the Company.
6. To re-elect Peter Dicks as a Director of the Company.
7. To re-elect Jocelin Harris as a Director of the Company.
8. To re-elect Jeremy Hamer as a Director of the Company.
9. To re-elect Charlotta Ginman as a Director of the Company.
10. To elect Timothy Woodcock as a Director of the Company.
11. To approve the payment of a final dividend in respect of the year ended 30 September 2019 of 3.5 pence per ordinary share of 1p each, payable on 6 February 2020 to Shareholders on the register on 10 January 2020.
12. That, in substitution for any existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1p each in the Company ("Shares") and to grant rights to subscribe for, or convert any security into, Shares ("Rights") up to an aggregate nominal value of £652,456, provided that the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the Directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this Resolution 12 had not expired.
13. That, subject to the passing of Resolution 12 set out in this notice and in substitution for any existing authorities, the Directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred upon them by Resolution 12 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment and issue of equity securities with an aggregate nominal value of up to, but not exceeding, £521,965 in connection with offer(s) for subscription; and
 - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time,in each case where the proceeds may be used, in whole or part, to purchase the Company's Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at conclusion of the Annual General Meeting to be held in 2021, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
14. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own Shares on such terms and in such manner as the Directors of the Company may determine (either for cancellation or for the retention as treasury shares for future re-issue or transfer), provided that:
 - (i) the aggregate number of Shares which may be purchased shall not exceed 19,560,656 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing this resolution;
 - (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);

- (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
- (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2021; and
- (v) the Company may make a contract or contracts to purchase its own Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

BY ORDER OF THE BOARD

Registered Office
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS
3 December 2019

ISCA Administration Services Limited
Company Secretary

NOTES:

- (i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- (iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or to request additional copies of the proxy form contact the Company's Registrars, The City Partnership (UK) Limited, on +44 (0)1484 240 910 (lines are open between 9.00 am and 5.30 pm Monday to Friday, calls are charged at standard geographic rates and will vary by provider). Calls outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and call may be recorded and randomly monitored for security and training purposes. For legal reasons The City Partnership (UK) Limited will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- (iv) The statement of the rights of members in relation to the appointment of proxies in paragraphs (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
- (v) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

NOTICE of the ANNUAL GENERAL MEETING

- (vi) If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
- (vii) A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH, so as to be received not later than 11.30am on Tuesday, 28 January 2020 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
- (viii) If you prefer, you may return the proxy form to The City Partnership (UK) Limited in an envelope addressed to The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.
- (ix) Please note that you can vote your shares electronically at <https://proxy-unicorn.cpip.io/>
- (x) Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy.
- (xi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (xii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA36) by 11.30am on Tuesday, 28 January 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (xiii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (xiv) As at 2 December 2019 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 130,491,369 ordinary shares of 1p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 2 December 2019 was 130,491,369.
- (xv) The Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The agreement with Jeremy Hamer's consultancy business will also be available for inspection.
- (xvi) If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

- (xvii) Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- (xviii) At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; a) to do so would interfere unduly with the conduct of the meeting or would involve the disclosure of confidential information, b) the information has been given on the Company's website, www.unicornaimvct.co.uk in the form of an answer to a question, or c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xix) Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website, www.unicornaimvct.co.uk.
- (xx) Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
- (xxi) This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 2 December 2019 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: www.unicornaimvct.co.uk.



Corporate Information

Directors (all non-executive)

Peter Dicks (Chairman)
Charlotta Ginman
Jeremy Hamer
Jocelin Harris
Timothy Woodcock (appointed 10 June 2019)

Registered office

Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS

Secretary & Administrator

ISCA Administration Services Limited
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS

Company Registration Number:

04266437

Legal Entity Identifier:

21380057QDV7D34E9870

Website

www.unicornaimvct.co.uk

Investment Manager

Unicorn Asset Management Limited
First Floor Office
Preacher's Court
The Charterhouse
Charterhouse Square
London EC1M 6AU

Auditor

BDO LLP
150 Aldersgate Street
London EC1A 4AB

Registrar

The City Partnership (UK) Limited
Suite 2, Park Valley House
Meltham Road
Huddersfield HD4 7BH

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers

National Westminster Bank plc
City of London Office
PO Box 12264
1 Princes Street
London EC2R 8BP

Solicitors

Shakespeare Martineau LLP
No 1 Colmore Square
Birmingham B4 6AA

Stockbroker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Custodian

The Bank of New York Mellon
One Canada Square
London E14 5AL



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