Annual Report and Financial Statements

for the year ended 30 September 2021

UNICORN
AIM VCT PLC

Contents

Financial Highlights

for the year ended 30 September 2021

- Net asset value ("NAV") total return for the year ended 30 September 2021, after adding back dividends of 6.5 pence per share paid in the year, rose by 42.8%
- Final dividend of 3.5 pence per share proposed for the financial year ended 30 September 2021
- Offer for Subscription raised £14.6 million (after costs)
- New Offer for Subscription announced to raise up to £25.0 million

Fund Performance

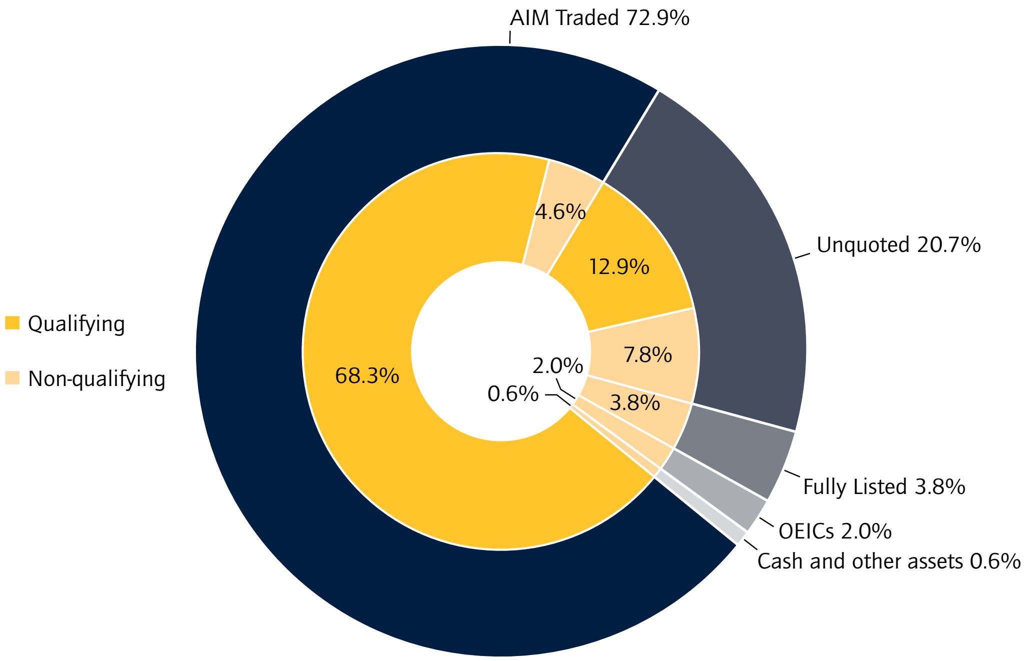
Ordinary Shares	Shareholders' Funds* (£m)	Net asset value per share (NAV) (p)	Cumulative dividends† paid per share (p)#	Net asset value plus cumulative dividends paid per share (p)#	Share price (p)
30 September 2021	**370.8**	**248.6**	**67.5**	**316.1**	**219.0**
31 March 2021	346.3	232.1	64.5	296.6	198.0
30 September 2020	260.2	178.6	61.0	239.6	142.5
31 March 2020	167.0	128.4	58.0	186.4	116.5

* Shareholders' funds/net assets as shown on the Statement of Financial Position on page 55.

† The Board has recommended a final dividend of 3.5 pence per share for the year ended 30 September 2021 bringing total dividends for the year to 6.5 pence 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 71.0 pence per share.

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

Percentage of Assets Held as at 30 September 2021



Valuation based on fair value

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 5 to 9 includes a comprehensive analysis of the development of the business during the financial year and the position of the Company's main investments at the end of the year.

Chairman's Statement

I am pleased to present the Company's Annual Report and audited Financial Statements for the financial year ended 30 September 2021.

Introduction

The financial year ended 30 September 2021 was a particularly positive period for the Company. Despite all the obvious external challenges posed by Brexit and the Covid-19 pandemic, our investment performance was strong, we successfully raised £14.6 million net of costs in an oversubscribed Offer for Subscription and saw a significant uptake in the number of Shareholders opting to take advantage of the Dividend Reinvestment Scheme. We also continued to buyback shares offered by selling Shareholders.

The Alternative Investment Market (AIM) has enjoyed something of a renaissance over the past 12 months, with renewed interest in the advantages of listing on AIM coming from a diverse range of potentially high growth companies. The FTSE AIM All-Share Index rose by 30.8% during the 12 months to 30 September 2021 and the capital raised for companies also increased dramatically in comparison to recent years. In aggregate, a total of £7.5 billion in new and secondary capital was successfully raised on AIM during the year. This represents a significant increase on the £5.0 billion raised in the previous year and suggests that despite all the problems presented by the pandemic, there is a healthy and growing appetite for investing in early stage businesses. The number of new issues on AIM also increased noticeably throughout the year, many of which were VCT qualifying, enabling your Company to participate in the healthy flow of opportunities. It has been a particularly active period for new investment by the Company, with almost £30 million of VCT qualifying investments completed in the year.

Economic & Market Review

The financial year under review was characterised by a continuation of a steady recovery from the significant equity market falls experienced in March 2020. As at the end of September 2021, the FTSE 100 Index had recovered to a level not seen since the pandemic took hold in early 2020 whilst the broader FTSE 250 index was significantly ahead of pre-pandemic levels.

At the time of writing, the wide ranging restrictions on social and economic activity imposed by the UK Government having been almost entirely removed are being reviewed in light of the Omicron variant. Whilst it might appear that the UK economy is operating in much the same manner as it did before the Covid-19 crisis struck, the after-effects of the national lockdown, combined with the, at times, fraught relations with our former partners in the European Union, are starting to manifest themselves in the form of significant supply chain disruption and labour shortages. Many essential goods and services are in short supply, energy costs and shipping costs have risen sharply and both skilled and casual labour is becoming increasingly hard to secure in a number of sectors that are of key importance to the health of the UK economy. The combined result of these problems is currently manifesting itself in a sharp increase in the rate of inflation. Consumers and companies are also facing tax increases from next March.

The significant increase in the price of everyday essentials such as food, petrol and gas are already starting to put a strain on discretionary consumer spending and, with further cuts to disposable income in the form of increased National Insurance contributions still to be felt, there can be little doubt that these combined effects will exert further pressure on consumer spending in the months ahead.

The impact on the UK equity market of a period of stagnant growth, combined with persistent inflation, is hard to estimate, but, should this scenario develop, it is unlikely to lead to continued strong growth in equity markets.

As far as the performance of UK equity markets is concerned, investors largely appear to have regarded the pandemic and the associated lockdown as a 'black swan' event, from which UK listed companies should generally be quickly capable of recovering.

Notwithstanding the many and obvious external pressures, the Company's diverse portfolio of investments continues to mature and, in venture capital terms, the composition of the portfolio represents an attractive mix between high risk, early stage, scale-up businesses and established, profitable and dividend paying companies.

Net Assets

As at 30 September 2021, the net assets of the Company were £370.8 million. This represents an increase of just over £110 million, when compared with the end of the equivalent period last year. After adding back dividends paid in the year, the total return in the 12 month period under review was +42.8%.

Total net assets rose substantially in the year, partly due to the support received from new and existing Shareholders in the Offer for Subscription that closed in February 2021, but mainly because of the strong performances generated by many of the companies held within the portfolio.

Investment Performance Review

The Company's total return compared favourably to that generated by the FTSE All-Share Index, which increased by 27.9% over the same period, while the total return of +30.8% from the FTSE AIM All-Share Index was also considerably lower than that achieved by the Company.

The unique circumstances created by the national lockdown have meant that the performance of individual investee companies was again more polarised than normal, with some businesses thriving, while others were unable to operate, or were prevented from trading as a consequence of the Government's strict lockdown rules.

Stock specific factors therefore, once again, had a significant impact on performance, both positive and negative, and these are covered in more detail in the Investment Manager's Review on pages 5 to 9.

Portfolio Activity

It is encouraging to report that the Investment Manager continues to access a plentiful and attractive supply of new investment opportunities.

During the year, twelve new VCT qualifying businesses were selected for initial investment. In addition, five follow-on investments were completed in companies already held in the portfolio, in order to support their planned growth. In total, almost £30 million was allocated to these VCT qualifying investments during the year. It is satisfying to report that most of these new investments have already made positive contributions to the portfolio's performance.

There were no investments in non-qualifying companies or funds during the year. As a reminder, the primary purpose of holding these shorter term investments is to provide Shareholders with market exposure while the Investment Manager undertakes appropriate due diligence on potential VCT-qualifying investments.

A number of full and partial disposals were made during the course of the financial year. Total proceeds from disposals of qualifying investments amounted to £14.7 million, realising an overall capital gain of £10.9 million over the life of the investments. The Investment Manager also made a number of full and partial disposals in non-qualifying investments during the year. The total proceeds realised from these transactions was £1.6 million and, in aggregate, the overall capital gain realised amounted to £0.1 million.

Final Dividend & Declared Special Dividend

An interim dividend of 3.0 pence per share was paid to all Shareholders on 12 August 2021. This dividend is in addition to the 3.5 pence per share final dividend for the prior financial year, which was paid in February 2021.

The Directors are recommending a final dividend of 3.5 pence per share for approval at the Annual General Meeting to be held on 3 February 2022. This would bring total dividends to 6.5 pence per share for the year under review. If approved this will be payable on 10 February 2022, to Shareholders on the register at 7 January 2022.

On 22 November 2021, the Board declared a special interim dividend of 7.0 pence per share, which will be payable on 10 February 2022 to Shareholders on the register on 7 January 2022. This dividend will be in respect of the accounting year ending 30 September 2022.

The special dividend is a one off payment which was declared following the successful disposal of our investment in Augean, one of the portfolio's larger holdings, which has been acquired by a trade buyer and delisted.

Dividend Reinvestment Scheme

The Company's Dividend Reinvestment Scheme ("DRIS") was introduced in August 2019. A substantial number of Shareholders have already taken advantage of this opportunity. For investors who do not require income, but value the additional tax relief on their reinvested dividends, this is an attractive scheme and the Board hopes that Shareholders will continue to find it a useful option. In the course of the year under review, 342,947 new shares have been issued under the DRIS. The DRIS will apply to the proposed final and special interim dividends referred to above.

Share Buybacks

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 financial year ended 30 September 2021, the Company continued to buy back and cancel shares in the market from selling Shareholders and purchased 3,204,997 Ordinary shares for a total consideration of £6.2 million.

Buybacks remain the main means by which selling Shareholders can realise their investments at a fair price and the Board therefore remains committed to offering this buyback facility. Future repurchases of shares will continue to be made, if deemed appropriate, 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.

Costs

The Board reviews the costs incurred by the Company on a regular basis and remains focused on maintaining a competitively low ongoing charges ratio. As at the year end, total costs amounted to 2.0% of net assets, as calculated in accordance with the AIC's "Ongoing Charges" methodology. As at 30 September 2021, the Company continued to be ranked in the lowest quartile when it comes to total ongoing charges imposed by VCTs across the entire sector. It should be noted that Shareholders are further protected by a reduction in the 'cost cap', which was introduced in 2018, meaning that total costs cannot rise above 2.75% of total assets, regardless of market conditions and/or NAV performance.

As described in more detail in note 3 on page 60, the Investment Manager has recently agreed to a 1% fee on assets exceeding £450 million. Although this reduction does not have an immediate impact on the investment management fees paid by the Company, the reduction will be triggered if and when net assets reach £450 million.

Chairman's Statement (continued)

New Offer

On 26 October 2021, the Company announced the intention to launch an Offer for Subscription to raise up to £25 million through the issue of new ordinary shares. The prospectus, which will contain the full details and terms and conditions of the Offer, is expected to be available in January 2022.

Board Refresh

Jocelin Harris has served on the Board for fifteen years and has indicated his intention to stand down in 2022. He has agreed to stand for re-election at the Annual General Meeting ("AGM") in February 2022 but intends to stand down before the following AGM.

The Board have engaged an outside recruitment agency to identify a suitable candidate to replace Jocelin. At the time of writing this process continues and the Company will announce any appointment in the normal way.

VCT Status

There were no changes to VCT legislation during the year under review.

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. I am pleased to report that, excluding new capital raised in Offers for Subscription within the last three years, the Company's VCT qualifying percentage rose to 87.3% of total assets as at 30 September 2021. All other HM Revenue & Customs tests have also been complied with, and the Board has been advised by its VCT status adviser, PwC, that the Company continues to maintain its VCT status. It will, of course, remain a key priority of the Board to ensure that the Company retains this VCT status.

Annual General Meeting

In view of the much improved environment in relation to Covid and the consequent lifting of lockdown rules, the Board is hopeful that the Company's forthcoming AGM can revert to its traditional 'in-person' format. Clearly, should circumstances change in between the writing of this report and the AGM date, then the Board may be required by government restrictions to revert to a closed meeting format, as was the case for last year's AGM.

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 79 and 80. Shareholders' views are important, and the Board therefore encourages all Shareholders to vote on the resolutions within the Notice of Annual General Meeting on pages 79 and 80 using the proxy form, or electronically at www.unicornaimvct.com. The Board has carefully considered the business to be approved at the AGM and recommends that Shareholders vote in favour of all the resolutions being proposed.

Outlook

From an investment performance perspective, the financial year under review was very strong.

The portfolio has further diversified, the core collection of established investee companies has continued to mature and the majority of the new investments made during the year have largely delivered positive returns in the short period since initial investment.

As ever, the Investment Manager's cautious and disciplined approach to investing and managing the Company's assets, which has proven successful over many years, will be maintained and the Board is therefore hopeful that further progress can be achieved during the remainder of the current financial year and beyond.

Tim Woodcock
Chairman

7 December 2021

Investment Manager's Review

Introduction

The year ended 30 September 2021 was characterised by the continuation of a slow but steady recovery in the UK equity market following the sharp correction experienced in March 2020. This recovery has been fuelled by an improvement in investor confidence triggered by a collective sense that the UK Government was beginning to get the upper hand in its battle against the Covid-19 virus.

The economic consequences of the Covid-19 crisis have yet to be fully felt and it remains to be seen whether the recent surge in consumer spending, that immediately followed the general lifting of lockdown restrictions, will be maintained.

Against this favourable backdrop, the performance of the portfolio was strong in both absolute and relative terms.

We are confident in the prospects for delivering further growth in net asset value over the longer term, due to the diverse nature of the investments and the increasing maturity of the businesses in which those investments have been made.

Net Asset Performance

In terms of net asset growth, the financial year under review was a highly successful period for the Company.

As at 30 September 2021, the audited net assets of the Company amounted to £370.8 million, which compares very favourably to the closing net assets of £260.2 million reported at the end of the previous financial year. This healthy increase in net assets was partly due to the proceeds of the fully subscribed Offer for Subscription, but predominantly due to the positive development of the Company's portfolio of investments as shown in the table on page 19.

It is very pleasing that the Offer for Subscription, which closed in February 2021, was again fully subscribed. Importantly, the new capital secured from the Offer for Subscription provided additional liquidity, which was subsequently fully and successfully deployed through meaningful participation in a significant number of exciting new investment opportunities. Encouragingly, a substantial majority of these new additions to the portfolio have already made a meaningfully positive contribution to overall performance.

In terms of Net Asset Value ("NAV") per share, which is obviously a particularly relevant measure of how well individual Shareholders have fared, this also progressed strongly. As at 30 September 2021, the audited NAV per share was 248.6 pence per share, which represents an increase of 39.2% on the closing NAV per share of 178.6 pence per share as at 30 September 2020.

As noted in the Chairman's Statement, after adding back dividends paid in the year, the total return in the year under review was +42.8%.

It is satisfying to report on such a positive period for the Company, especially given the multitude of external threats arising from the enduring Covid-19 crisis and a troublesome Brexit agreement.

Although a small number of investee companies struggled, either as a result of the UK 's departure from Europe, or because the impacts of Covid-19 continue to affect demand for their products or services, the negative effects on overall performance have been significantly outweighed by particularly powerful contributions from many of the AIM-listed holdings in the portfolio. In addition, uplifts to the fair values of two unquoted investee companies; Hasgrove and Interactive Investor, reflect their continued strong growth.

Performance Review

The year under review has exceeded expectations, with strong performances being delivered not only by the majority of established investee companies, but also from the new VCT qualifying investments made during the course of the year.

We are required by VCT legislation to make new qualifying investments in early-stage, scale-up businesses. Happily, there was a good selection of qualifying investment opportunities from which to choose during the year. Importantly, those companies that were selected for inclusion within the portfolio generally performed extremely well, albeit over a short period of ownership.

Despite the buoyant equity market conditions, there were inevitably a small number of investee companies that disappointed in share price terms during the year under review. Among those companies that did underperform, there were very few that did so as a result of poor management control. Indeed, it is difficult to identify any business held within the portfolio where the reason for poor performance was anything other than being due to the external pressures caused by Covid-19. As was the case last year, the negative impact of these setbacks was more than compensated for by impressive performances generated by a large number of the existing AIM traded holdings in the portfolio, together with a meaningfully positive contribution from the majority of the new investments made during the year. The level of revenue and profit growth delivered by both Hasgrove and Interactive Investor continued to exceed expectations over the course of the financial year. We are also confident that each of these businesses has the capability to generate further significant growth over the medium term and this bodes well for future NAV development.

The investment portfolio remains diversified both by number of holdings and by sector exposure. At the financial year end, the Company held investments in 83 active VCT qualifying companies and 18 non-qualifying investments.

These investments are spread across 30 different sectors.

Investment Manager's Review (continued)

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

Largest Contributors
(bracketed figures represent the movement in value for the year under review or, if purchased during the year, since the date of investment)

MaxCyte (+£16.8 million) is a clinical-stage, cell-based therapies and life sciences business that has developed a leading, patented cell-engineering platform. MaxCyte's technology is employed by global pharmaceutical developers, biotechnology companies and academic institutions. MaxCyte has made good progress over the past year by substantially increasing sales of its proprietary Flow Electroporation platform to customers in the cell therapy market. Separately, the potential value of milestone payments, which may be earned by MaxCyte from licensing deals, now exceeds $950 million and represents the company's greatest potential revenue stream. MaxCyte has also made strong operational progress during 2021, as it works towards commercialising its large-scale cell-engineering platform and associated consumables under the ExPERT™ brand. In June 2021, MaxCyte completed a dual-listing on Nasdaq Global Select Stock Market, raising over $200 million in additional capital. Management now plan to direct future investment into high-value, expansion opportunities by supporting its partners' clinical trials and through the commercial launch of therapies enabled by MaxCyte's technology.

Interactive Investor ('ii') (+£13.0 million) is an award-winning online investment platform. In recent years, ii has grown substantially through a combination of organic and acquisitive growth.

ii continued to perform strongly in the year under review, achieving further growth in customer numbers, trading volumes and revenues. As at 30 June 2021, total assets under administration increased to approximately £55 billion, helped in part by the acquisitions of The Share Centre and EQi. Strong trading continued through the first half of ii's financial year, particularly in the first quarter of 2021, driven by volatile market conditions, which led to record daily average trading volumes. In the first half of its financial year, ii's total revenue increased by 12% to £70.7 million, while EBITDA before exceptional items, declined by 2% to £27.6 million. The decline in EBITDA was attributable to an increase in resources directed at client service and operational improvements, which were consciously expanded in order to ensure a smooth migration and high level of retention of acquired clients. ii's management team expects profit margins to improve markedly once the integration process is complete. As a consequence of an improving outlook for profitability, the fair value of the Company's holding in ii has been increased to £546.43 per share, representing a total uplift of +43.0% on the reported fair value of £382.06 per share as at 30 September 2020.

Tracsis (+£6.4 million) is a technology company and a leading provider of software, hardware and consultancy services for the rail industry. Tracsis' software products include data capture, data analytics and transport planning services for the public events sector. Tracsis delivered strong operational and financial performance over the past twelve months. The relatively new management team is focused on integrating and consolidating the group's business divisions, in conjunction with the launch of a new, group-wide, Tracsis brand. In terms of commercial progress, Tracsis was recently awarded a new multi-year UK rail contract for its RailHub software, which builds upon the already strong performance of its Rail Technology and Services division. Tracsis is a highly cash generative business with a debt-free and robust balance sheet and is well positioned to benefit from a rising level of investment in digital railway services.

Augean (+£6.3 million) is a UK based operator of sustainable and compliance-led waste recycling, recovery, treatment and disposal services. Augean serves customers in the hazardous waste management, oil and gas, nuclear and radioactive industries. Augean has continued to grow in its key market of Energy from Waste (EfW) treatment and seen a recovery in both the construction, treatment and radioactive waste sectors, which were adversely affected in 2020 as a result of the Covid-19 pandemic. In the year under review, Augean received competing takeover bids from two potential acquirers; Morgan Stanley Infrastructure Inc. and Eleia Limited (an investment vehicle indirectly owned by a consortium of investment funds managed by Ancala Partners and Fiera Infrastructure). Following an auction process, the Board of Augean accepted a cash offer of 372 pence per share from Eleia. After the year end, it was confirmed that this offer had been approved by shareholders and on 20 October 2021 it was announced that Eleia had completed the acquisition of Augean for a total consideration of approximately £390 million. The VCT's share of the proceeds of £11.7 million were received on 3 November 2021.

Hasgrove (+£6.0 million) is the holding company for a wholly owned subsidiary called Interact. Interact is a fast growing global provider of corporate intranet solutions that operates a Software as a Service (SaaS) business model. Interact has continued to record strong growth in the year under review as its customers recognise that company-wide adoption of the software can quickly and significantly improve productivity, while also increasing employee engagement through its intelligent social intranet platform. In particular, Interact's core market in North America has remained a source of significant new business wins, with new corporate clients signing lucrative SaaS contracts, which have typically been of greater scale than in previous years. As a consequence, Hasgrove reported impressive results for its most recent financial year, which ended on 31 December 2020. Highlights of these results included an increase of 22% in group revenue to £19.9 million, which resulted in pre-tax profit growth of 92% to £5.5 million. As a result of the decision to switch to a SaaS model a few years ago, Interact is now benefiting from high levels of recurring revenues, which provides the management team with

Investment Manager's Review (continued)

a high degree of visibility and confidence over future revenue and profit. At the beginning of 2021, the total amount of contracted revenue, including deferred income to be recognised in future accounting periods, was in excess of £34 million. As a consequence, Interact's profitability in current and future financial year periods is relatively predictable and an increased Fair Value can therefore be reasonably accurately ascribed to the Company's holding in Hasgrove. In recognition of strong growth, the carrying fair value was therefore raised to £17.84 per share, representing an increase of +23.9% on the reported fair value of £14.40 per share, as at the Company's prior financial year end.

Largest Detractors

Avacta Group (-£1.6 million) is a clinical stage biopharmaceutical specialist and a developer of diagnostics tools based on innovative and proprietary Affimer® and pre|CISION™ platforms. At the end of September, Avacta released interim results, which confirmed that the business continues to struggle to achieve widespread commercial adoption of its high quality Lateral Flow Tests. Financial results were therefore below original expectations and Avacta's share price has been under considerable pressure as a result.

Omega Diagnostics (-£1.2 million) is a business focused on providing specialist products to immunoassay, in-vitro diagnostics (IVD) market within the Health & Wellbeing sector. During the year, Omega released results for its financial year ended 31 March 2021. Because of the severe disruption caused by the pandemic, revenues did not grow as quickly as originally anticipated and the share price has suffered accordingly.

Abingdon Health (-£1.1 million) is a developer and manufacturer of high-quality rapid lateral flow tests. Unfortunately, throughout the year under review, Abingdon has been embroiled in a commercial dispute with the Department of Health and Social Care (DHSC), which translated into significantly lower than expected demand for its AbC-19 rapid antibody testing product. In addition, the DHSC continues to withhold payments due to Abingdon that amount to £6.7 million. This dispute remains unresolved, despite Abingdon's insistence that the contract was delivered to the DHSC on time, on-budget and in full. As a result, Abingdon has failed to meet growth expectations in the twelve months since its initial listing on the FTSE AIM All-Share Index.

Genedrive (-£0.9 million) is a molecular diagnostics company that develops and commercialises low cost, rapid, versatile, and simple to use testing platforms for the diagnosis of infectious diseases. In its half yearly report, covering the six months to 31 December 2020, Genedrive was only able to generate nominal revenues as Covid-19 headwinds continued to impact its commercial operations. In September 2021, Genedrive raised £6 million in additional capital in order to fund the launch of a point-of-care (POC) antibiotic-induced hearing loss (AIHL) test and complete the development of its molecular Covid-19 test.

Verditek (-£0.8 million) is a technology company, which designs and manufactures lightweight, flexible solar panels for installation in a diverse range of environments. In its recently released interim results for the six month period ended 30 June 2021, Verditek reported that its order pipeline had weakened due to global economic disruption brought about by the Covid-19 pandemic. Verditek also suffered a stock theft during the period from its manufacturing plant in Italy, which cost the business around £300,000. On the basis that economic uncertainty continues to recede, Verditek's management have expressed confidence that the outlook for the second half of the company's financial year is improving.

Non-Qualifying Investments

The non-qualifying investments held by the Company, are typically in larger, more liquid quoted companies that are listed in the FTSE 350 Index. Non-qualifying investments are normally 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.

Offer for Subscription

The fully subscribed Offer for Subscription that closed in February 2021, was a welcome endorsement, in challenging times, of our successful long term strategy. The new monies raised have enabled us 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 Activity

In terms of investment activity, the number and quality of available VCT qualifying investment opportunities examined during the period was at a level not seen for several years. As a result, a total of seventeen investments were completed in the financial year under review. Of these, twelve investments were in companies new to the portfolio, while five were follow-on investments.

In total, just under £30 million was committed to these investments which has helped ensure that the Company ended the financial year with a record percentage of its total assets being invested in VCT Qualifying companies. Another consequence of the increased level of investment activity during the year is that the Company is comfortably ahead of target in complying with one of the key rules imposed by HMRC, whereby 30% of new capital raised in a single tax year must be invested in VCT qualifying companies within 12 months of the end of the financial year in which the money was raised. This target has also been comfortably exceeded in all previous fundraisings to which this rule applies. The Company's requirement to maintain its VCT Status is at all times a top priority for the Board. It is for this reason that the amount of new capital raised under Offers for Subscription is carefully considered and controlled. In the year to 30 September 2021, the Company successfully raised £14.6 million net of costs, all of which has since been successfully deployed in further VCT Qualifying investments.

Investment Manager's Review (continued)

As highlighted in the table below, the majority of the investments made during the course of the year delivered a positive contribution to overall performance. In many cases, the share price return has exceeded expectations; both in terms of the speed and size with which such returns have been achieved.

Name	Trade Date	Cost £	Value as at 30 September 2021 £	Profit/ (loss) £	Return %
New Investee Companies					
Verici DX	2 November 2020	900,000	**2,790,000**	1,890,000	210.0
Verditek	4 November 2020	1,500,000	**693,750**	(806,250)	(53.8)
Destiny Pharma	27 November 2020	2,000,000	**3,507,692**	1,507,692	75.4
Abingdon Health	2 December 2020	1,850,640	**771,100**	(1,079,540)	(58.3)
Oncimmune Holdings	29 March 2021	2,088,000	**2,030,000**	(58,000)	(2.8)
Polarean Imaging	7 April 2021	1,907,280	**3,274,164**	1,366,884	71.7
Trellus Health	27 May 2021	2,500,000	**3,750,000**	1,250,000	50.0
Arecor Therapeutics	2 June 2021	2,500,001	**4,424,780**	1,924,779	77.0
Futura Medical	3 June 2021	2,300,000	**2,098,750**	(201,250)	(8.8)
Saietta Group	6 July 2021	3,150,596	**6,038,643**	2,888,047	91.7
LungLife AI	7 July 2021	3,080,000	**3,412,500**	332,500	10.8
SulNOx Group	19 July 2021	1,700,101	**2,210,130**	510,029	30.0
Total		**25,476,618**	**35,001,509**	**9,524,891**	**37.4**
Follow On Amounts Invested					
Microsaic Systems	5 February 2021	675,000	**1,350,000**	675,000	100.0
Surface Transforms	9 February 2021	517,858	**673,215**	155,357	30.0
The British Honey Company	24 February 2021	2,000,000	**2,036,364**	36,364	1.8
VR Education Holdings	22 June 2021	496,000	**558,000**	62,000	12.5
Ilika	29 July 2021	328,255	**323,566**	(4,689)	(1.4)
Total		**4,017,113**	**4,941,145**	**924,032**	**23.0**

Each of these new investments appears capable of generating significant capital growth in future years. It is important to emphasise however that, because of the rules surrounding VCTs, we are required to invest in businesses that are typically at a very early stage in their development. Clearly, this increases the risk of incurring capital losses, especially given that progress toward sustainable and growing profitability is rarely straightforward. For this reason, we adopt a pragmatic and prudent approach to new investments and have therefore taken the opportunity to make partial disposals of a number of strongly performing investments during the course of the year.

Realisations

In aggregate, £16.3 million was raised from the full and partial disposal of holdings during the year. As a reminder, the normal purpose of 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.

Two notable takeover approaches were received during the year; Augean and Wey Education, each of which received recommended bids from trade buyers. The net proceeds from the realisation of Wey Education amounted to £4.6 million, realising a capital gain on investment cost of £2.5 million. In the case of Augean, the transaction did not complete until after the end of the financial year, but the cash proceeds have now been received and a healthy capital profit in excess of £10.2 million over the lifetime of the holding has been realised. As a consequence of this one-off windfall profit, the Board is proposing a special interim dividend of 7.0 pence per share. We fully support this decision and hope that corporate activity may trigger further significant gains in future years. Although it is normally unwise to attempt to predict such events, there is nonetheless a realistic prospect that, as other portfolio companies mature, they may also attract the attention of corporate buyers.

A number of partial disposals in qualifying holdings together with full and partial disposals of non-qualifying investments were also made. These transactions generated total proceeds of £11.7 million and an aggregate capital profit of £8.4 million.

Investment Manager's Review (continued)

The total value of all disposals made during the year, which excludes Augean, therefore amounted to £16.3 million. Including partial disposals, the total realised capital gain over the life of the investments from the sale of investments amounted to £10.9 million.

Prospects

The financial year ended 30 September 2021 was characterised by an increasing sense of optimism that the global Covid-19 pandemic was slowly but surely being brought under control. The approval for use by the medical regulator of a number of effective vaccines in late 2020, enabled the UK government to roll-out a mass vaccination programme, which began in earnest in December 2020. The key result of this mass vaccination programme was a reduction in recorded Covid-19 cases and, where Covid-19 has been contracted by vaccinated individuals, their symptoms have typically been markedly less severe than at the height of the pandemic. As a consequence, the pressure on the National Health Service has eased considerably as the rate of hospitalisations and the need for intensive care services has declined.

Against this improving backdrop and with the prospect of further economic recovery to come, it would be logical to anticipate further strength in equity markets. Unfortunately, the global pandemic and the near total economic shutdown that it created has generated significant pent-up demand in many sectors. The subsequent lifting of restrictions has been somewhat akin to a cork popping from a bottle of champagne. Across many sectors, demand for basic goods and services has exploded in the short term, causing significant dislocation in the worldwide supply chain and putting huge pressure on the ability of firms to satisfy the resurgence in demand for goods and services. While this spike in demand may well prove to be a temporary phenomenon, it has nonetheless triggered a serious and immediate surge in the rate of inflation as the cost of goods and labour in particular have inevitably risen sharply. It is perhaps doubtful that the shortages currently being experienced will persist, but it is far less likely that the increase in costs generally will quickly reverse now that the inflationary genie has been released from the bottle. In a gloomy, but realistic scenario, it may well turn out that the UK economy could experience a period of stagflation, in which economic growth is tepid at best and yet rising costs continue to put a real strain on consumers' discretionary spending power. This scenario would clearly be bad news, and it is for this reason that investors appear to have become increasingly risk averse in recent weeks.

In addition, the incidence of Covid-19 infection among the UK population has recently been climbing sharply. Although the severity of illness suffered generally appears to be less severe than at the height of the pandemic, there is nonetheless growing criticism of the Government's current policy, which is to try and avoid a reintroduction of restrictions and a possible return to national lockdowns.

As a consequence of these factors, the start of the current financial year has been somewhat challenging, with signs of profit-taking evident across a number of previously strongly performing sectors. Shareholders should therefore be mindful that the prospects for delivering further progress in the Company's net asset value in the current financial year are less obvious, especially in view of the strong returns delivered in the financial year under review.

Despite the obvious challenges, the portfolio remains in good health, with the majority of investee companies continuing to trade strongly and operating with balance sheets that are sufficiently robust to ensure that they successfully navigate any short term turbulence.

As ever, we focus on nurturing the established and diverse portfolio of investee companies in order that they may continue to generate healthy returns for Shareholders over the longer term, while simultaneously seeking to support emerging businesses through the provision of much needed capital.

Chris Hutchinson
Unicorn Asset Management Limited

7 December 2021

Top Ten Investments

at 30 September 2021 with prior year comparative values

	30 September 2021			30 September 2020		
	Book cost £'000	Valuation £'000	% of net assets by value	Book cost £'000	Valuation £'000	% of net assets by value
Interactive Investor (unquoted)*	**3,447**	**43,228**	**11.6**	3,447	30,225	11.6
Hasgrove (unquoted)	**1,303**	**29,148**	**7.9**	1,329	24,004	9.2
MaxCyte	**2,926**	**22,121**	**6.0**	3,617	10,985	4.2
Abcam	**1,161**	**17,500**	**4.7**	1,222	14,957	5.7
Tracsis	**1,500**	**15,675**	**4.2**	1,500	9,240	3.6
Augean*	**1,576**	**11,679**	**3.2**	1,576	5,395	2.1
Surface Transforms	**3,164**	**11,575**	**3.1**	2,646	7,044	2.7
Anpario	**1,422**	**10,817**	**2.9**	1,516	7,800	3.0
Tristel*	**878**	**9,815**	**2.7**	878	7,770	3.0
Access Intelligence	**3,159**	**9,782**	**2.6**	3,232	5,012	1.9
Total	**20,536**	**181,340**	**48.9**	20,963	122,432	47.0

* The holding consists of both qualifying and non-qualifying shares as shown on pages 11 to 16.

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

Investment Portfolio Summary

	Year invested	Book cost £'000	Value £'000	Market sector	% of net assets by value	% of equity held	% of equity managed by UAML*
Qualifying AIM quoted investments							
MaxCyte Developer of cell-engineering platforms based on Flow Electroporation technology	2016	2,926	22,121	Pharmaceuticals & biotechnology	6.0	2.5	2.5
Abcam Producer and distributor of high quality protein research tools	2005	1,161	17,500	Pharmaceuticals & biotechnology	4.7	0.5	0.6
Tracsis Developer and supplier of resource optimisation and data capture technologies to the transport industry	2007	1,500	15,675	Software & computer services	4.2	5.6	6.9
Surface Transforms Developer and producer of carbon-ceramic brakes	2016	3,164	11,575	Automobiles & parts	3.1	9.1	9.1
Anpario Manufacturer of natural feed additives for global agricultural markets	2006	1,422	10,817	Pharmaceuticals & biotechnology	2.9	8.0	10.2
Tristel Manufacturer of contamination and infection control products	2009	878	9,812	Healthcare providers	2.7	3.5	4.7
Access Intelligence Compliance software solutions for the public and private sectors	2004	3,159	9,782	Software & computer services	2.6	5.1	5.1
Renalytix AI A developer of artificial intelligence enabled diagnostic solutions	2018	1,425	8,246	Healthcare providers	2.2	1.6	1.6
Mattioli Woods Consultants in the provision of pension and wealth management services	2005	1,626	7,723	Investment banking & brokerage services	2.1	1.9	3.0
Avingtrans Provision of precision engineering services	2004	996	7,304	Industrial engineering	2.0	6.1	6.1
Keywords Studios Provider of technical service to the global video game industry	2013	303	7,186	Leisure goods	1.9	0.3	0.3
Directa Plus Producer and supplier of graphene-based products for use in consumer and industrial products	2016	3,800	6,933	Chemicals	1.9	8.7	8.7
Animalcare Group Specialist veterinary pharmaceuticals and animal health products	2007	2,401	6,793	Pharmaceuticals & biotechnology	1.8	2.8	2.8
Cohort Provision of a wide range of technical services to clients in the defence and security sectors	2006	1,278	6,672	Aerospace & defence	1.8	2.9	2.9
Saietta Group An engineering company specialising in propulsion motors for a broad range of electric vehicles	2021	3,151	6,039	Automobiles & parts	1.6	3.1	3.1
Instem Data management software for the life sciences sector	2011	985	5,009	Software & computer services	1.4	2.5	2.5
Avacta Group Developer of protein based reagents for research and diagnostics	2018	932	4,945	Pharmaceuticals & biotechnology	1.3	1.7	1.7
AB Dynamics Designer, manufacturer and supplier to the global automotive industry of advanced testing and measurement products for vehicle suspension, brakes and steering	2016	793	4,750	Industrial engineering	1.3	1.1	1.1
Idox Information and knowledge management software	2007	1,242	4,498	Software & computer services	1.2	1.4	1.4

Investment Portfolio Summary (continued)

	Year invested	Book cost £'000	Value £'000	Market sector	% of net assets by value	% of equity held	% of equity managed by UAML*
Ilika A pioneer in solid state battery technology, enabling solutions for applications such as Industrial IoT, MedTech and EV	2020	1,528	4,464	Electronic & electrical equipment	1.2	2.1	2.1
Arecor Therapeutics A globally focused biopharmaceutical company transforming patient care by bringing innovative medicines to market through the enhancement of existing therapeutic products	2021	2,500	4,425	Pharmaceuticals & biotechnology	1.2	4.0	4.0
Belvoir Group Residential property lettings and sales	2015	1,883	3,945	Real estate investment & services	1.1	5.4	5.4
Trellus Health Provider of quality and expert-driven personalised care for people with chronic conditions	2021	2,500	3,750	Healthcare providers	1.0	3.9	3.9
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	2018	1,385	3,683	Pharmaceuticals & biotechnology	1.0	1.2	1.2
Destiny Pharma A clinical phase biotechnology company dedicated to the development of novel anti-infectives with a focus on infection prevention.	2020	2,000	3,508	Pharmaceuticals & biotechnology	1.0	5.1	5.1
Trackwise Designs Manufacturer, to customer specification, of specialist products using printed circuit technology	2018	1,750	3,500	Technology, hardware & equipment	0.9	5.8	5.8
VR Education Holdings A virtual/augmented reality software firm dedicated to changing how educational content and corporate training are provided and consumed globally	2018	2,084	3,416	Software & computer services	0.9	6.5	6.5
LungLIfe AI A diagnostic company focused on the early detection of lung cancer from a simple blood draw enhanced by artificial intelligence	2021	3,080	3,413	Pharmaceuticals & biotechnology	0.9	6.9	6.9
Polarean Imaging Manufacturer and service provider for noble gas polariser devices and ancillary instruments with special focus on pulmonary imaging	2021	1,907	3,274	Medical equipment & services	0.9	1.5	1.5
British Honey Company (The)** A UK based producer of spirits, honey and jams	2020	3,001	3,056	Beverages	0.8	16.6	16.6
Verici DX Developer of tests to understand how a patient will and is responding to organ transplant	2020	900	2,790	Pharmaceuticals & biotechnology	0.8	3.2	3.2
ULS Technology Software and services for the property, legal and financial services markets	2014	1,500	2,760	Software & computer services	0.7	5.8	5.8
City Pub Group Owner and occupier of pubs located in cities and major towns in the South including London	2013	2,250	2,424	Travel & leisure	0.7	2.8	5.0
SulNOx Group** The development and marketing of fuel emulsifiers and conditioners.	2021	1,700	2,210	Chemicals	0.6	6.0	6.0
Futura Medical Experts in topical formulations and transdermal delivery and have developed an advanced proprietary transdermal technology	2021	2,300	2,099	Pharmaceuticals & biotechnology	0.6	2.0	2.0

** Listed on Acquis Exchange.

Investment Portfolio Summary (continued)

	Year invested	Book cost £'000	Value £'000	Market sector	% of net assets by value	% of equity held	% of equity managed by UAML*
Oncimmune Holdings A immunodiagnostics developer, primarily focused on the growing fields of immuno-oncology, autoimmune disease and infectious diseases	2021	2,088	2,030	Pharmaceuticals & biotechnology	0.5	1.7	1.7
Totally Delivery of care solutions to individuals, business or public bodies	2015	3,106	2,016	Healthcare providers	0.5	3.2	3.2
Immotion Group Provider of 'out of home' virtual reality experiences	2018	2,250	1,923	Electronic & electrical equipment	0.5	7.0	7.0
Fusion Antibodies A contract research organisation that offers a range of antibody engineering services for all stages of therapeutic and diagnostic antibody development	2017	1,160	1,747	Healthcare providers	0.5	5.4	5.4
Omega Diagnostics Medical diagnostics company focused on allergy, food intolerance and infectious disease	2010	444	1,628	Medical equipment & services	0.4	2.0	2.0
Microsaic Systems A high technology company which develops point-of-need mass spectrometers, focused on early drug development and life science markets	2018	2,175	1,500	Electronic & electrical equipment	0.4	12.3	12.3
Feedback A specialist technology company providing innovative software and systems to benefit those working in the field of medical imaging	2020	2,000	1,400	Medical equipment & services	0.4	18.8	18.8
Creo Medical A medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery.	2018	1,000	1,376	Medical equipment & services	0.4	0.4	0.4
PCI-PAL A leading world-wide provider of payment card industry compliance solutions for contact centres	2018	900	1,300	Software & computer services	0.4	3.1	3.1
ECSC Group Cyber security service provider	2016	2,420	1,159	Software & computer services	0.3	14.5	14.5
Augean Treatment and disposal of hazardous waste	2004	500	1,022	Waste & disposal services	0.3	3.0	3.0
Hardide Advanced tungsten carbide based metal coatings for internal and external surfaces	2014	2,054	954	Chemicals	0.3	5.7	5.7
Abingdon Health Developer and manufacturer of high-quality rapid lateral flow tests across all industry sectors, including healthcare and Covid-19	2020	1,851	771	Medical equipment & services	0.2	2.0	2.0
Quixant Designer and manufacturer of advanced hardware and software solutions for the pay-to-play gaming and slot machine industry	2016	648	736	Technology hardware & equipment	0.2	0.6	0.6
Vianet Provision of real-time monitoring systems and data management services	2006	725	706	Software & computer services	0.2	2.2	2.2
Escape Hunt Global provider of live 'escape the room' experiences	2017	2,000	701	Travel & leisure	0.2	2.5	2.5
Verditek Development and production of lightweight, flexible solar panels	2020	1,500	694	Alternative energy	0.2	5.5	5.5
Surgical Innovations Group Designer and manufacturer of minimally invasive surgical instruments	2007	436	621	Medical equipment & services	0.2	2.9	2.9

Investment Portfolio Summary (continued)

	Year invested	Book cost £'000	Value £'000	Market sector	% of net assets by value	% of equity held	% of equity managed by UAML*
Kingswood Holdings Private wealth management	2015	1,758	615	Investment banking & brokerage services	0.2	1.0	1.0
Driver Group Provision of specialist commercial, project planning and dispute resolution services to the construction industry	2006	552	514	Industrial support services	0.1	3.1	3.1
Concurrent Technologies Designer and manufacturer of high performance processor based solutions for use in critical embedded applications	2016	275	435	Technology hardware & equipment	0.1	0.7	0.7
Pressure Technologies Manufacturer of high pressure cylinders	2007	1,140	408	General Industrials	0.1	1.8	1.8
Bonhill Group Media and events company focused on the financial and technology sectors	2007	3,160	379	Finance & credit services	0.1	3.8	3.8
Netcall Creates, maintains and supports a full range of communication software tailored to both the public and private sectors	2016	192	335	Software & computer services	0.1	0.3	0.3
Falanx Group Provider of proactive cyber defence, intelligence and technology	2018	1,500	333	Industrial support services	0.1	6.3	6.3
Genedrive Developing and commercialising a low cost, rapid, versatile point-of-need diagnostics platform for the diagnosis of infectious diseases	2016	706	286	Pharmaceuticals & biotechnology	0.1	1.8	1.8
Osirium Technologies A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices	2016	2,000	277	Software & computer services	0.1	4.7	4.7
PHSC Health & Safety consultancy and training	2007	253	262	Industrial support services	0.1	9.6	9.6
Touchstar Technologies Development and supply of rugged, hand-held data capture devices to the logistics sector	2005	338	232	Technology hardware & equipment	0.1	3.4	3.4
Gama Aviation Operator of privately owned passenger jet aircraft	2010	760	163	Industrial transportation	–	1.2	1.2
Brighton Pier Group Owner and operator of Brighton Pier and of premium bars across the UK	2013	426	152	Travel & leisure	–	0.7	0.7
Getech Group A leading petroleum and minerals consultancy	2016	188	125	Oil, gas & coal	–	0.9	0.9
Merit Group (formerly Dods Group) Media group focused on political communication, training and publishing	2003	1,176	115	Media	–	1.0	1.0
Dillistone Group Provider of software services to the executive recruitment industry	2006	356	109	Software & computer services	–	8.1	8.1
Synectics Designer of end-to-end integrated security and surveillance solutions	2016	110	98	Industrial support services	–	0.6	0.6
RUA Life Sciences Intellectual property holding company of biomedical polymer technology, components and medical devices	2016	8	47	Pharmaceuticals & biotechnology	–	0.2	0.2
Grafenia Franchised high street print shops	2004	231	42	Consumer services	–	0.7	0.7

Investment Portfolio Summary (continued)

	Year invested	Book cost £'000	Value £'000	Market sector	% of net assets by value	% of equity held	% of equity managed by UAML*
Zoo Digital Provider of software services to the media, entertainment and publishing industries	2016	3	35	Software & computer services	–	–	–
Distil Owner and supplier of gin, vodka and liquer brands	2016	5	10	Beverages	–	0.1	0.1
Kellan Group A recruitment business operating across a wide range of functional disciplines and industry sectors	2016	13	3	Industrial support services	–	0.3	0.3
Cizzle Biotechnology Holdings (formerly Bould Opportunities) Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets	2014	747	1	Pharmaceuticals & biotechnology	–	–	–
Crawshaw Group Yorkshire based chain of retail butchers	2007	1,538	–	Food & drug retailers	–	6.4	6.4
		110,102	253,357		68.3		
Qualifying unquoted investments							
Hasgrove Digital marketing and communication services	2006	1,303	29,148	Media	7.9	24.5	24.5
Interactive Investor Online investment platform	2013	1,250	14,230	Finance & credit services	3.8	4.6	4.6
nkoda Limited Online provider of sheet music by subscription	2018	2,500	2,198	Software & computer services	0.6	11.5	11.5
Heartstone Inns A group of individual Free Houses each with a distinct character in locations across Southern England	2014	1,112	844	Travel & leisure	0.2	7.3	7.3
LightwaveRF A pioneer of the smart home technology sector	2017	2,616	520	Technology hardware & equipment	0.2	15.0	15.0
Osirium Technologies – Loan stock A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices	2020	500	500	Software & computer services	0.1	N/A	N/A
Phynova A life science company that develops and commercialises natural healthcare products	2018	1,500	490	Pharmaceuticals & biotechnology	0.1	6.2	6.2
Uvenco Operator of vending machines	2008	2,102	–	Food & drug retailers	–	1.8	1.8
Syndicate Room Investment company and crowd funding platform	2016	1,250	–	Financial services	–	5.3	5.3
Miroma SET (formerly Reach4entertainment) Film and live entertainment advertising, marketing and display agencies	2016	1	–	Media	–	–	–
		14,134	47,930		12.9		
Total qualifying investments		124,236	301,287		81.2		
Non-qualifying investments							
OEIC funds managed by Unicorn Asset Management	2001	5,798	7,577	OEIC	2.0	N/A	N/A
Non-qualifying fully listed equities							
Macfarlane Group	2010	642	3,376	General industrials	0.9	1.6	3.7
NCC Group	2011	400	2,401	Software & computer services	0.7	0.3	0.7
Lloyds Banking Group	2018	3,010	2,058	Banks	0.6	–	–
Victrex	2018	1,419	1,271	Chemicals	0.4	0.1	0.3
Tesco	2019	1,511	1,245	Personal care, drug & grocery stores	0.3	–	–

Investment Portfolio Summary (continued)

	Year invested	Book cost £'000	Value £'000	Market sector	% of net assets by value	% of equity held	% of equity managed by UAML*
Babcock International	2017	3,006	1,234	Aerospace & defence	0.3	0.1	0.1
HSBC Holdings	2019	1,502	887	Banks	0.2	–	–
Renold	2010	880	750	Industrial engineering	0.2	1.3	1.3
Lloyds Banking Group 9.25% Preference Shares	2016	267	337	Banks	0.1	N/A	N/A
Braemar Shipping Services	2006	598	299	Industrial transportation	0.1	0.4	4.2
Vodafone	2016	221	113	Telecommunications service providers	–	–	–
Imperial Brands	2016	253	112	Tobacco	–	–	–
Non-qualifying AIM quoted entities							
Augean	2004	1,076	10,657	Waste & disposal services	2.9	3.0	3.0
Avingtrans	2004	868	1,259	Industrial engineering	0.3	6.1	6.1
Belvoir Group	2015	479	1,012	Real estate investment & services	0.3	5.4	5.4
City Pub Group	2013	1,315	969	Travel & leisure	0.3	2.8	5.0
Redcentric	2004	394	873	Software & computer services	0.2	0.4	0.4
Caretech Holdings	2010	400	641	Healthcare providers	0.2	0.1	0.1
Portmerion Group	2010	203	302	Household goods & home construction	0.1	0.3	0.3
Driver Group	2006	561	300	Industrial support services	0.1	3.1	3.1
IQE	2011	187	285	Technology hardware & equipment	0.1	0.1	0.4
Dillistone Group	2006	722	226	Software & computer services	0.1	8.1	8.1
Gama Aviation	2010	751	94	Industrial transportation	–	1.2	1.2
Other AIM listed entities each valued at less than £60k		225	36	Other AIM listed	–		
Non-qualifying unquoted investments							
Interactive Investor	2013	2,197	28,998	Finance & credit services	7.8	4.6	4.6
Unlisted equities		368	–		–		
Total non-qualifying investments		**29,253**	**67,312**		**18.2**		
Total investments		**153,489**	**368,599**		**99.4**		
Current assets			4,096		1.1		
Current liabilities			(1,897)		(0.5)		
Net assets			**370,798**		**100.0**		

* Unicorn Asset Management Limited.

Unquoted Investments Summary

Company	Value £'000	% of net assets by value £'000	Valuation Basis	Date of Latest Accounts	Turnover £'000	Profit/(loss) Before Tax £'000	Net assets/ (liabilities) £'000
Interactive Investor	43,228	11.6	Earnings multiple	31 Dec '20	133,153	41,692	205,278
Hasgrove	29,148	7.9	Earnings multiple	31 Dec '20	19,911	5,513	6,955
nkoda Limited	2,198	0.6	Discounted equity value	30 Sep '20	N/A	N/A	372
Heartstone Inns	844	0.2	Net asset value	31 Dec '20	4,148	(788)	15,199
LightwaveRF	520	0.2	Net asset value	31 Dec '20	549	(201)	6,254
Osirium Technologies – Loan stock	500	0.1	Cost (reviewed for impairment)	31 Dec '20	1,435	(3,095)	1,126
Phynova	490	0.1	Discounted equity value	31 Dec '19	N/A	N/A	(118)
Miroma SET (formerly Reach4entertainment)	–	–	Recent transaction	31 Dec '20	41,695	(6,371)	12,343
Uvenco	–	–	Full provision	31 Dec '16	10,857	421	982
Syndicate Room	–	–	Full provision	31 Dec '20	N/A	N/A	(3,997)

The valuations of the unquoted portfolio are reviewed quarterly as discussed on page 45.

Financial and Performance Review

For the year ended 30 September 2021

Net Assets

As at 30 September 2021, the audited net assets of the Company were £370.8 million, compared to £260.2 million on 1 October 2020. The growth in total net assets was due to the support received from new and existing Shareholders under the Offer for Subscription, which raised £14.6 million net of costs, and the strong performance from the investment portfolio as shown in the Income Statement on page 54.

Performance during the year

As at 30 September 2021, the audited NAV of the Company was 248.6 pence per share, having risen by 70.0 pence from 178.6 pence per share at the start of the financial year under review, compared with a rise of 24.7 pence per share in the year ended 30 September 2020. After adding back dividends of 6.5 pence per share paid in the year, the total return to Shareholders increased by 76.5 pence or 42.8% compared with an increase of 31.2 pence or 20.3% in the previous year. In comparison, the total return from the FTSE AIM All-Share Total Return Index was 30.8% over the year to 30 September 2021.

At the financial year end, there were 83 active VCT qualifying and 18 non-qualifying companies held in the portfolio. These investments are spread across 30 different sectors.

In the year to 30 September 2021, a total of £16.3 million was realised through the sale of investments, approximately £29.5 million was deployed in new investments and approximately £9.5 million was paid out as dividends to Shareholders. A further £6.8 million was spent on the operating costs of the Company and £6.3 million on share buybacks.

Share Issues and Buybacks

The Company raised £14.6 million (after costs) through an Offer for Subscription and issued 6,314,627 shares, details of which are given in Note 13 on page 66.

In addition, the Company allotted 342,947 shares under the Dividend Reinvestment Scheme ("DRIS") at an average price of 229.0 pence per share.

During the year a total of 3,204,997 (2020: 3,072,006) shares were bought back for cancellation for a total cost of £6.3 million (2020: £4.1 million). Details are shown below:

Date	Number of shares	Price per share pence	Discount to NAV %	Total cost £'000
21 December 2020	770,517	162.0	13.5	1,254
8 January 2021	131,796	174.5	14.7	231
10 February 2021	180,000	186.0	13.6	336
10 March 2021	796,087	198.0	13.1	1,584
25 May 2021	592,273	210.0	12.9	1,250
13 July 2021	293,191	215.0	13.2	634
13 August 2021	70,884	213.0	12.9	152
10 September 2021	370,249	221.0	12.8	822
	3,204,997			6,263

Total Return

The Company generates returns and losses from both capital growth and dividend income. For the year ended 30 September 2021, the total return was £111.1 million (2020: £47.5 million), of which there was a £111.6 million gain (2020: £47.7 million gain) from capital and a £0.5 million loss (2020: £0.2 million loss) from revenue. Full details of the total return can be found in the Income Statement on page 54. The Company's allocation of expenses is described in Note 1 (f) on page 59.

The total net earnings per share were 75.0p (2020: 34.6p). The total net return per share was made up of 75.4p from capital and a loss of 0.4p from revenue.

Revenue Return

The income of £1.7 million (2020: £1.6 million) represents dividend income derived from the Company's investments, interest on loan stocks and interest on cash balances.

Capital Return

At the year end the investment portfolio was valued at £368.6 million (2020: £239.6 million). The investment portfolio delivered a realised return on disposals of £6.7 million (2020: £0.3 million) and unrealised valuation gains on investment of £109.1 million (2020: £50.5 million). The valuation basis of the Company's investments is described in Note 1 (c) on page 58. In addition, a capital dividend of £0.3 million was received.

Financial and Performance Review (continued)

For the year ended 30 September 2021

Ongoing Charges and Running Costs

The Ongoing Charges of the Company for the financial year under review was 2.0% (2020: 2.2%) of average net assets, which remains below the cap of 2.75%.

The total expenses amounted to £6.8 million (2020: £4.9 million) and include investment management fees of £6.1 million (2020: £4.2 million), administrative service fees of £0.2 million (2020: £0.2 million) and other third party service providers fees of £0.2 million (2020: £0.2 million).

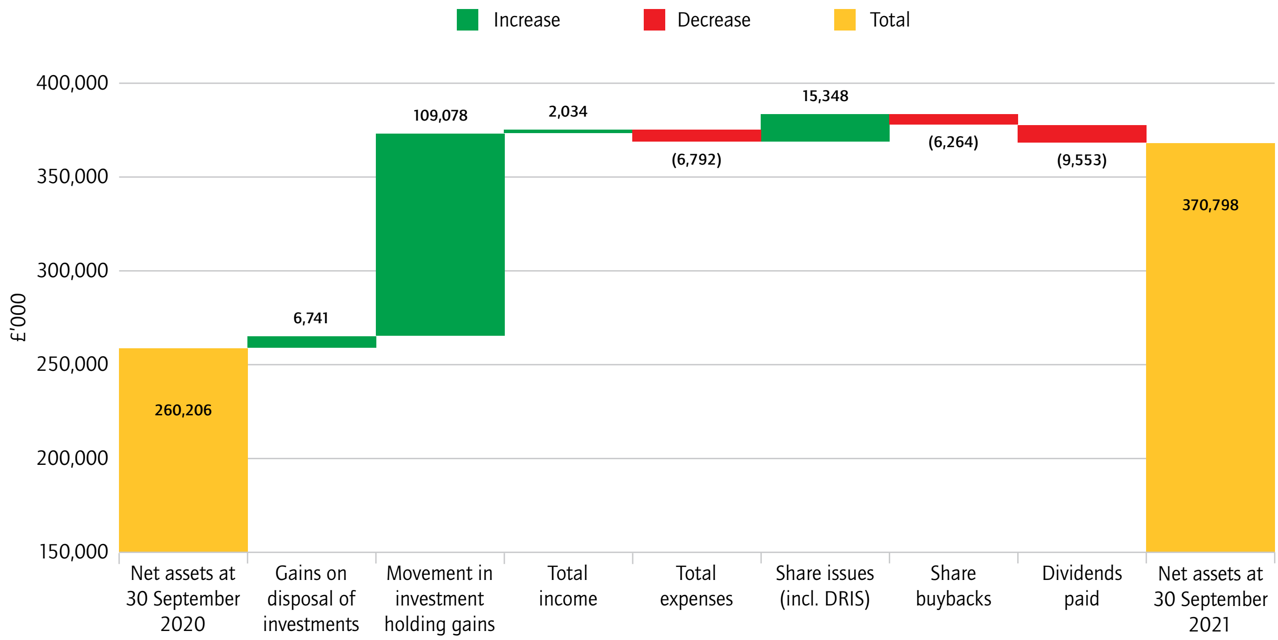
Under the revised management agreement effective from 1 October 2018 and as shown in Note 3 on page 60, the Investment Manager receives a management fee of 2% per annum of net assets up to £200 million and 1.5% per annum of net assets in excess of £200 million (other than on investments in OEICs managed by the Investment Manager). Other expenses are shown in Note 4 on page 61.

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

Cash and Cash Equivalents

During the year the Company increased its cash balances through the Offer for Subscription and the sale of investments. The purchase of investments, the payment of running costs, share buybacks and dividends reduced the cash balance at the year end to £3.6 million (2020: £21.4 million).

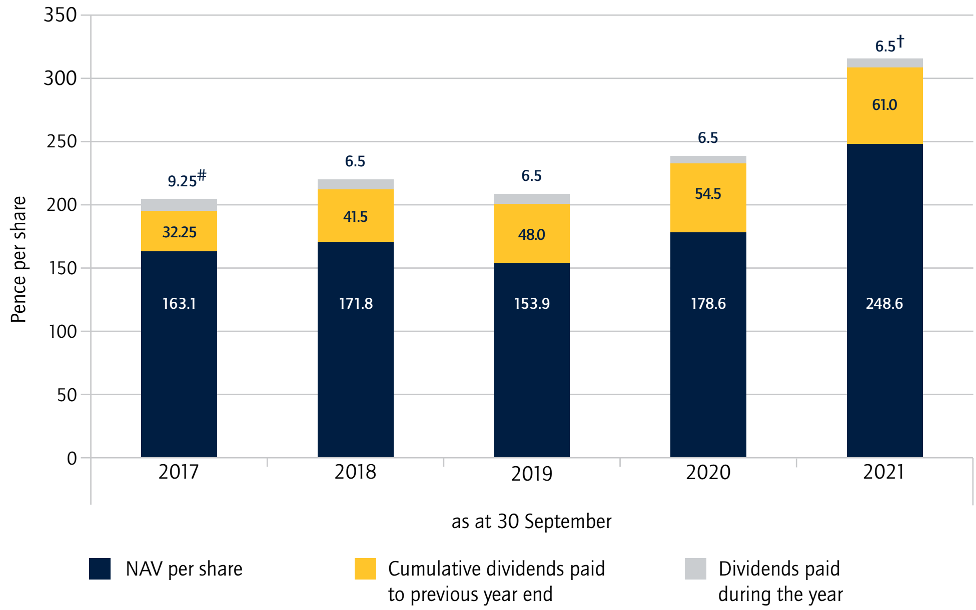
Movement in net assets for the year ended 30 September 2021



Key Performance Indicators

The bar charts below display the key indicators that the Board use as Alternative Performance Measures ("APMs") 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*



- NAV per share increased by 70.0 pence to 248.6 pence during the year ended 30 September 2021
- Cumulative total shareholder return increased by 76.5 pence during the year ended 30 September 2021 and at that date totalled 316.1 pence

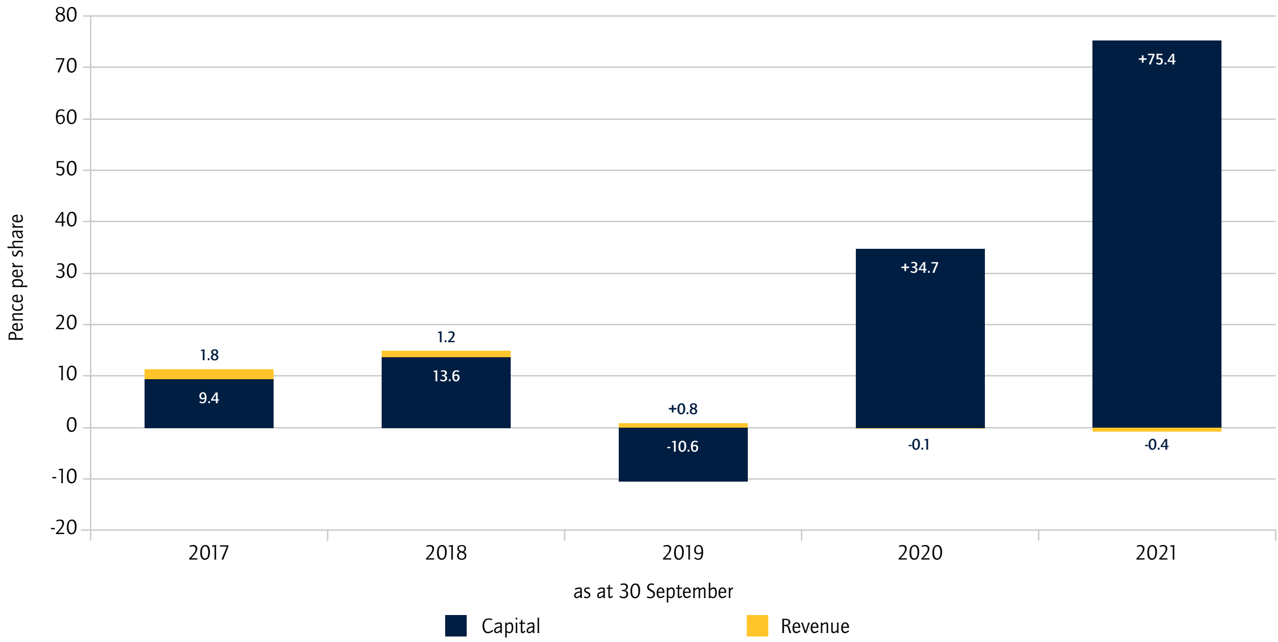
* The cumulative total Shareholder return since the merger of the Company with Unicorn AIM II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 224.3 pence representing the cumulative dividends paid of 67.5 pence plus the increase in NAV per share of 156.8 pence since that date.

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 12 August 2021.

Earnings per share*

The earnings per share for the year ended 30 September 2021, together with those of the previous five financial years are outlined in the graph below:

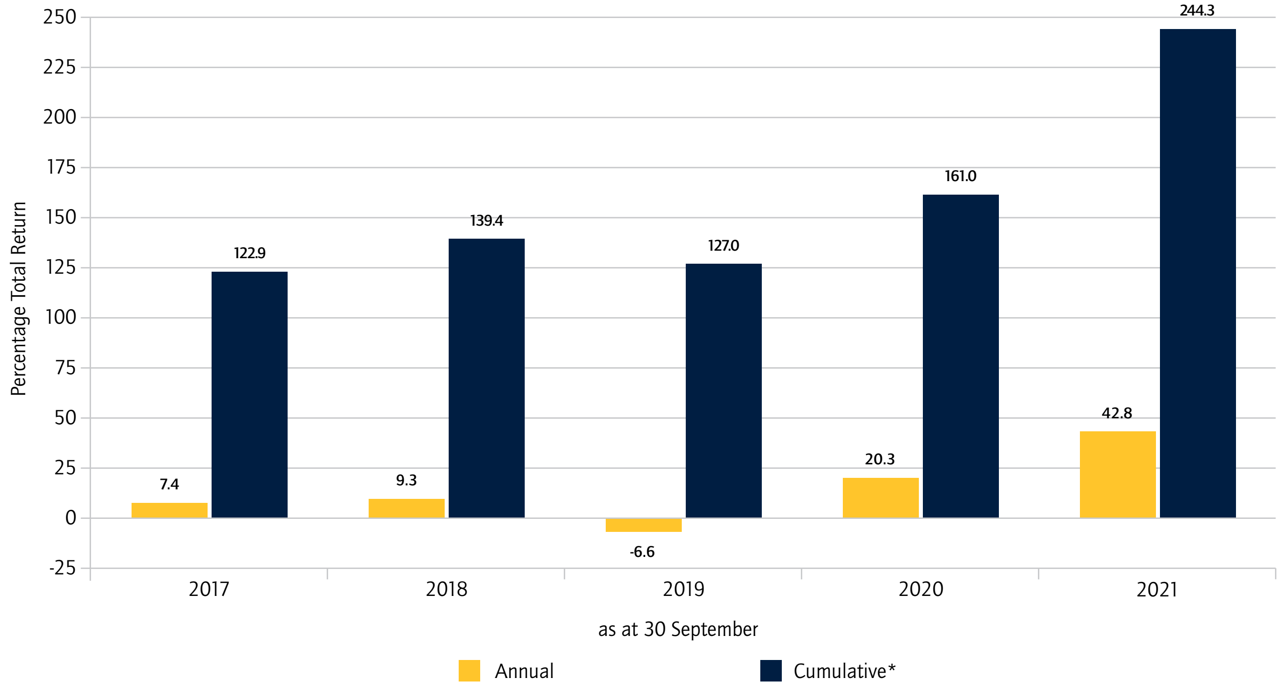


* Total earnings including unrealised gains/(losses) on investments after taxation divided by weighted average number of shares in issue.

The results are regarded as particularly positive and the Board is pleased with the Company's performance and the increase in the NAV per share.

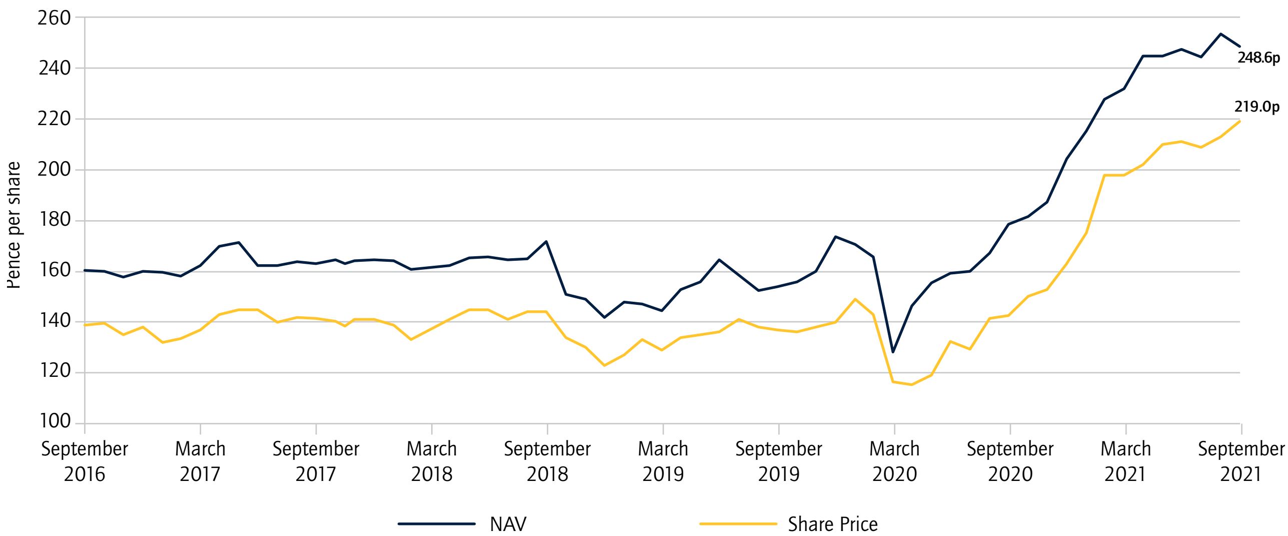
Key Performance Indicators (continued)

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.

5 Year NAV and Share Price Comparison



The Company and its Business Model

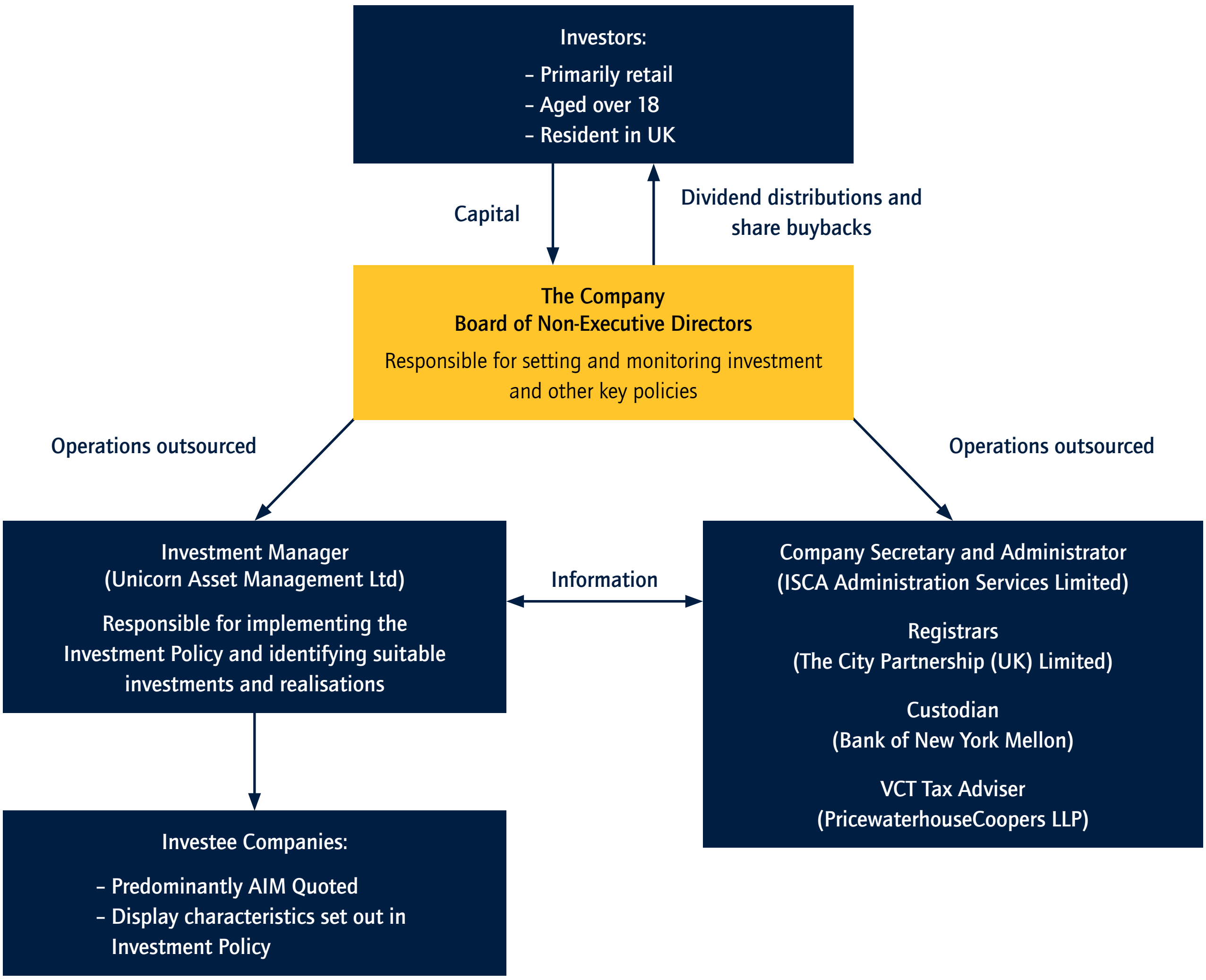
The Company is registered in England and Wales as a Public Limited Company (registration number 04266437) and is approved as a Venture Capital Trust ("VCT") under section 274 of the Income Tax Act 2007 (the "ITA"). In common with many other VCTs, the Company revoked its status as an investment company as defined in section 266 of the Companies Act 1985 on 17 August 2004, to make it possible to pay dividends from capital. A summary of the VCT regulations is shown on page 77.

The Company's shares are listed on the London Stock Exchange main market under the code UAV and ISIN GB00B1RTFN43.

The Company is an externally managed fund with a Board currently comprising four 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 pages 42 and 43.

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 for VCTs 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:–



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, in due course, 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 35 under "AIFMD".

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 approximately £9.6 million.

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 12 August 2021.

The Directors are recommending a final dividend of 3.5 pence per share for approval at the Annual General Meeting to be held on 3 February 2022. This would bring total dividends to 6.5 pence per share for the year under review.

On 22 November 2021, the Board declared a special interim dividend of 7.0 pence per share, which will be payable on 10 February 2022 to Shareholders on the register on 7 January 2022. This dividend will be in respect of the accounting year ending 30 September 2022.

The special interim dividend is a one off payment which was declared following the successful disposal of our investment in Augean, one of the portfolio’s larger holdings, which has been acquired by a trade buyer and delisted.

Details of the Company's Dividend Reinvestment Scheme are outlined on page 74.

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:

1. Regular share buybacks provide a reliable mechanism through which Shareholders can realise their investment in the Company, rather than being reliant on a very limited secondary market.
2. Share buybacks, when carried out at a discount to underlying net assets, help modestly to enhance NAV per share for continuing Shareholders.
3. Implementing share buybacks on a regular basis helps 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. Details of the shares purchased for cancellation are shown on pages 18 and 66. At the financial year end, the Company’s shares were quoted at a mid price of 219.0 pence per share representing a discount to NAV per share of 11.9%.

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 cancelled.

Section 172(1) Statement

The Directors of the Company promote the success of a company for the benefit of the Shareholders as a whole. Section 172(1) of the Companies Act 2006 expands this duty and requires the Directors to consider employees (if any), suppliers, customers and others, and take into account the needs of each of these stakeholders, whilst recognising that some stakeholders may have conflicting priorities. Not all decisions made can be to the benefit of all stakeholder groups.

In this Company the Board considers the following:

- the likely consequences of any decisions in the long-term;
- the need to foster the Company's business relationships with service suppliers;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between Shareholders of the Company.

Like similar Venture Capital Trusts and Investment Companies, the Company does not have any employees or customers and relies on a number of third-party providers of services such as the Investment Manager, the Administrator, Custodian and the Registrar to maintain its operations. The Company takes into account the regulations applicable to the market in which it operates and has regard to the environment and the wider community in which it operates.

At each Board meeting the Directors review the performance of the Company in relation to meeting the Company's investment objective. The Investment Manager attends the meeting to report directly to the Board and answer any questions raised. The financial performance is reviewed and measured against the Key Performance Indicators as set by the Board. Compliance with existing legal and regulatory requirements is reviewed, together with any new regulations that are to be introduced in the future or are being proposed. Any new regulations are discussed and their potential impact on the Company and its stakeholders assessed. The Directors receive updates from the Company's Broker, and the Company Secretary on the share trading activity and share price performance including the discount to net asset value.

The Board recognises the importance of and is committed to understanding the views of Shareholders and maintaining communication with its Shareholders in the most appropriate manner.

This is undertaken through:

Annual General Meeting

The Company encourages all Shareholders to attend and participate at its AGM. Whilst the formal business is the primary purpose of the meeting, members of the Board are available to answer questions directly from Shareholders. The Investment Manager presents a summary of the Company's performance for the year under review and the current composition of the portfolio, and the Board invites a representative of one of the investee companies to provide an update to the meeting offering Shareholders an insight into their business.

As reported on page 35, it is intended to hold the AGM on 3 February 2022 as normal and invite Shareholders to attend and meet the Board and Investment Manager. However, the situation could change rapidly and, although at the time of writing there are no government restrictions that would prohibit or recommend against holding the AGM as intended, arrangements might need to change. If any changes are necessary details will be posted on the Company's website. The Company will seek to provide an online broadcast of the AGM and the Manager's presentations to allow Shareholders unable to attend an opportunity to listen to the meeting. Questions may be submitted ahead of the day and it is anticipated that questions can be put to the Investment Manager and Directors.

In light of the possibility that arrangements might change, voting at the AGM will be on a poll, including all proxy votes cast, therefore all Shareholders are encouraged to submit their proxy votes in accordance with the Notice of Annual General Meeting on pages 79 to 83 of this report. To ensure that all Shareholders can ask questions of the Board you are invited to submit these by email ahead of the meeting.

Published Reports

The Company produces the Annual Report and Financial Statements which have been posted to all Shareholders who have requested to receive hard copies and made available to others through the Company's website. To further reduce the impact of printing and posting material to Shareholders the Company has decided that it will no longer print the Half Yearly Report, however copies will be available to view and download from the Company's website. The publication of these reports is considered the prime method of communication with Shareholders and other readers of the reports and provides detailed information on the portfolio, performance over the period and assessment of the outlook for the Company. Reports from the various committees of the Board are included, as are descriptions of the Company's corporate governance arrangements. Whilst the structure and layout of these reports is often prescribed by regulatory requirements the Board seeks to ensure that the report is readable and is mindful that it should be fair, balanced and understandable. In addition to the above reports, voluntary Interim Management Statements ("IMS") are issued following the other quarter ends to provide a summary of the Company's position. The IMS is issued through the Regulatory News Service and is available on the Company's website. The production of this IMS was originally a regulatory requirement on the Company, which the Board decided to continue on a voluntary basis to provide additional information to interested parties once it ceased to be a requirement.

Section 172(1) Statement (continued)

Shareholder enquiries

Shareholders can contact the Company or any of its Directors through the Company Secretary or by post to the Registered Office address. Although the Directors are Non-Executive and therefore not available full time, with the assistance of the Company Secretary they seek to maintain open communications to all Shareholders. The Board has appointed Jocelin Harris as its Senior Independent Director and Shareholders are encouraged to address any concerns, not addressed through the normal channels to him.

The enquiries this year have covered topics such as the share price discount to NAV and the decision to move the payment of dividends by cheque to BACS transfer. The Directors discuss these matters at Board meetings and take action where they feel it is appropriate to do so.

Fundraising

Every year, the Directors consider whether to raise additional funds. They take account of the need to invest new money in qualifying investments, the risks of poor investment decisions, and the impact upon existing Shareholders. New investment has to comply with the timetable to meet State Aid regulations. Having concluded these discussions, the Board announced on 26 October 2021 that it intends to raise up to £25 million in the current tax year.

Investee Companies

The Company's performance is dependent upon the performance of its underlying investee companies. The Investment Manager seeks to identify companies in which long term investments can be made. In addition, the Investment Manager does not seek, nor have, board representation in any of our investee companies. For these reasons, it is particularly important that communication between the Investment Manager and the management teams of our investee companies is both effective and regular in nature.

Key Suppliers

The Board recognises the key relationship the Company has with its Investment Manager and its importance to the overall success of the Company. Representatives of the Investment Manager attend all Board meetings and are in regular contact with the Directors outside formal meetings, to ensure that communication is maintained.

The Company Secretary and Administrator, ISCA Administration Services Limited ("ISCA"), is often the primary contact point for financial advisers and stakeholders in the Company. Regular communication is maintained between ISCA and the Directors, in order to share up-to-date information concerning the Company. As the Company has grown, the Directors have agreed to increases in the fee paid to ISCA to reflect the growing workload.

Other Suppliers

As stated above the Company relies on the provision of outside parties to operate and has engaged with a number of third parties to run the business and meet its regulatory obligations. The Board and its Committees undertake a review of all the suppliers at least annually to ensure that they are providing the Company with the required level of service. As a result of such a review, a decision was made to change the Company's registrars and implemented in 2019.

Regulators

The Company operates in an environment that is governed by legal and regulatory requirements, which prescribe what the Company can undertake and how it can operate. The Board recognises that these restrictions are in place to protect the stakeholders, including the government which provides tax incentives to investors in the Company. The tightening of the State Aid regulations from April 2019 has resulted in a necessary shift towards earlier stage investments in order to maintain our Shareholders tax concessions.

Environment and Community

As the Company does not have any employees nor any physical office environment of its own it has little direct impact on the community or the environment. In relation to the Company's own practices the Company encourages electronic communication to reduce paper usage, has withdrawn our dividend by cheque service and the printing of the Half-Yearly reports, and has taken advantage at times of electronic meetings. Where we are required to print Annual Reports we will use recycled paper and offset our carbon footprint.

With the exception of our few unquoted investments our Investment Manager has the mandate to invest on our behalf and so we are reliant on its processes and practices to deliver our policy. Over the last 15 months, the Investment Manager has developed its ESG processes signing up to the UN Principles of Responsible Investing ("UNPRI") and making progress towards meeting the requirements of the UK Stewardship Code managed by the Financial Reporting Council ("FRC"). This has resulted in defining certain 'no-go sectors', setting-up an ESG questionnaire for new investments and reviewing the practices of existing portfolio companies. During the coming year we will be reviewing our portfolio to confirm our compliance with these expectations and will update you on our findings.

Decision-making

The Board recognises that all material decisions it makes will impact the various stakeholders to a greater or lesser degree and it seeks to assess that impact when making the decision. It acknowledges and seeks to act fairly between members of the Company when considering the buyback of the Company's shares and the publishing of a prospectus for the issue of new shares.

Principal and Emerging Risks

The Directors have carried out a review of the principal and emerging risks faced by the Company as part of the internal controls process, as outlined below. Note 17 to the Financial Statements on pages 67 to 72 also provides information on the Company's financial risk management objectives and exposure to risks. The Directors' process for monitoring these risks is shown below.

During the year the Board has reviewed in detail our approach to risk. We have added an additional key risk calling it 'Emerging Risks' and added detail to both the risks faced by the Company and the mitigating steps being taken by both the Board and the Company's service providers to reduce the impact of each risk. The results have been summarised in a heat map and are reviewed for sensitivity quarterly.

During the review with the key service providers evidence was requested of the mitigating actions being taken and on which the Board is relying. Balance sheet reconciliations, asset valuations and VCT qualification being examples of such reviews.

Risk	Possible consequence	How the Board monitors and mitigates risk
Investment and strategic risk	• Unsuitable investment strategy or share or investment selection could lead to poor returns to Shareholders.	• Regular review of investment strategy by the Board. • Monitoring of the performance of the investment portfolio on a regular basis. • All purchases or sales of 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 and be taxed on any future dividends and capital gains if they dispose of their shares.	• Regulatory and legislative developments are kept under close review by the Board, the Investment Manager and Company Secretary. • 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 a bi-annual 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.	• 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 key service providers.
Fraud, dishonesty and cyber risks	• Fraud involving Company assets may occur, perpetrated by a third party, the Investment Manager or other service provider. • Cyber attacks on the Company could lead to financial loss and impact the Company's reputation. • Cyber attacks on the Company's investee companies could affect the value of the Company's investments.	• Internal control reports are provided by service providers on a regular basis. • The Administrator is independent of the Investment Manager.
Financial Instrument risks	• 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.	• The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 17 on pages 67 to 72.

Principal and Emerging Risks (continued)

Risk	Possible consequence	How the Board monitors and mitigates risk
Economic, Brexit and political risks	• 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. • The full effects of the UK's withdrawal from the European Union are still unknown which may create uncertainty in markets and regulatory environments which may affect the value of the Company's investments. • Other geopolitical issues may affect the Company's performance at both macro and micro economic level. • The possibility of labour and material shortages may affect the value of the Company's investments.	• While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst seeking to maintain adequate liquidity.
Black Swan events	• Events such as the Covid-19 pandemic could adversely affect investee companies. • Key service providers could experience high levels of staff illness and interruption to their operations.	• The Board liaises with the Investment Manager to obtain a full understanding of the impact on the investee companies. • The Board receives details from its key service providers of the steps taken to protect their employees and operations and the alternative working policies they have in place to ensure continued business services.
Emerging risks	• The physical impact of climate change on investee companies. • The changes to investee company business models brought about by the need to reduce carbon footprints. • Increasing evidence of labour shortages and supply chain issues. • The threat of inflation impacting investee company profitability.	• Increasing the influence of ESG matters around investment decisions. • Investment Manager focus on these issues when reviewing portfolio.

The Board is responsible for assessing the possibility of new and emerging risks, and has identified climate change and possible labour and material shortages as emerging risks.

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

The Board undertakes a continuous review to assess its composition in the future and undertake succession planning. Jocelin Harris has served on the Board for fifteen years and has indicated his intention to stand down in 2022. The Board have engaged an outside recruitment agency with the view to identifying a suitable candidate for appointment to the Board.

The Board's policy on the tenure of the Chair is set out on page 42.

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. Throughout the year under review the Board comprised three male and one female non-executive Directors.

Anti-bribery, corruption and tax evasion policy

The Company has a zero tolerance approach to bribery. It is the Company's policy to conduct all of its business in an honest and ethical manner and it is committed to acting professionally, fairly and with integrity in all its business dealings and relationships where it operates.

Directors and service providers must not promise, offer, give, request, agree to receive or accept a financial or other advantage in return for favourable treatment, to influence a business outcome or to gain any other business advantage on behalf of themselves or of the Company or encourage others to do so.

The Company has communicated its anti-bribery policy to each of its service providers. It requires each of its service providers to have policies in place which reflect the key principles of this policy and procedures and which demonstrate that they have adopted procedures of an equivalent standard to those instituted by the Company.

Further information relating to the Company's anti-bribery policy can be found on its website: www.unicornaimvct.co.uk. A full copy of the VCT's anti-bribery policy and procedures can be obtained from the Company Secretary by sending an email to: unicornaimvct@iscaadmin.co.uk.

Environmental and social responsibility

The Board has determined to be a responsible investor by which we mean choosing and working with investments that are sustainable, responsible and ethical. This we describe as ESG.

With the exception of our few unquoted investments our Investment Manager has the mandate to invest on our behalf and so we are reliant upon the processes and practices of Unicorn Asset Management ("UAM") to deliver our policy. Over the last 15 months Unicorn have developed their ESG processes signing up to the UN Principles of Responsible Investing ("UNPRI") and making progress towards meeting the requirements of the UK Stewardship Code managed by the Financial Reporting Council ("FRC"). This has resulted in defining certain 'no-go sectors', setting-up an ESG questionnaire for new investments and reviewing the practices of existing portfolio companies. During the coming year we will be reviewing our portfolio to confirm our compliance with these expectations and will update you on our findings.

In relation to the Company's own practices the Company encourages electronic communication to reduce paper usage, has withdrawn our dividend by cheque service and the printing of Half-Yearly Reports, and has taken advantage at times of electronic meetings. Where we are required to print Annual Reports we will use recycled paper and offset our carbon footprint.

Viability Statement

The Board's assessment of the ability of the Company 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 is shown on page 35.

Under the UK Corporate Governance code there is a requirement that the Board performs a robust assessment of the Company's principal and emerging risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated. The last review was performed in November 2021.

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 took place in April 2021.

The Regulatory Environment (continued)

In order to maintain viability, the Company has a detailed heat map 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.

In its assessment of the viability of the Company, the Board has recognised factors such as the continuation of the current State Aid regulations, the ability of the Company to raise money from future Offers for Subscription and there being sufficient VCT qualifying investment opportunities available.

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: £14.1 million invested in non-qualifying, fully listed shares which are readily realisable and a further £11.2 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 2.0% of net assets.
- 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 payment of dividends and buybacks are at the discretion of the Board.

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 2.0% 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. In November 2021 the Company entered into an agreement with the Investment Manager to reduce fees to 1% for any assets exceeding £450 million. As these fees are based on a percentage of assets 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

Tim Woodcock
Chairman

7 December 2021

Board of Directors

Tim Woodcock

Status:
Independent, non-executive Chairman

Skills and experience:
Tim Woodcock qualified as a Chartered Accountant at PwC. He is an 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.

Other appointments
Tim is a Director of a number of private companies in which he holds a significant shareholding. These include Jolly Fine Pub Group Ltd, Secure Parking and Storage Ltd, and Taylor Asset Management Ltd.

Rationale for re-election
Tim's financial understanding and extensive board experience makes him well placed to Chair the Board of your Company. In addition, he brings extensive experience as an investor in smaller fast-growing UK companies and, as such, is well placed to review both the performance of the VCT and its Investment Manager.

Length of service as at 30 September 2021:
2 years, 3 months

Last elected to the Board:
4 February 2021

Committee memberships:
Audit Committee

Remuneration 2020/2021:
£32,700

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

Relevant relationships with investee companies:
None

Shared directorships with other Directors:
None

Other public company directorships (not disclosed above):
None

Shareholding in the Company:
30,663 Ordinary shares

Charlotta Ginman

Status:
Independent, non-executive Director

Skills and experience:
Charlotta Ginman, FCA , qualified as a Chartered Accountant at Ernst & Young before spending a career in investment banking and commercial organisations, principally in technology and telecoms related industries. Former employers include S.G. Warburg (now UBS), Deutsche Bank, JP Morgan and Nokia Corporation.

Other appointments:
Charlotta is a non-executive director and audit committee chair for Polar Capital Technology Trust plc, Pacific Assets Trust plc, Keywords Studios plc and Gamma Communications plc, and also sits on the board of Boku Inc. Given three of her six directorships are with investment companies that typically only have four or five meetings a year and take up less time than a trading company, and the three trading companies are listed on AIM rather than the Main Market and hence have less regulatory burden, 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.

Rationale for re-election
Charlotta has recent and relevant financial expertise with a strong accounting background which enables her to add depth to discussions around the Company's Financial Statements, comparisons to both peers and industry trends as well as being up to date on relevant governance issues.

Length of service as at 30 September 2021:
5 years, 3 months

Last elected to the Board:
4 February 2021

Committee memberships:
Audit Committee

Remuneration 2020/2021:
£26,200

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

Shared directorships with other Directors:
None

Other public company directorships (not disclosed above):
None

Shareholding in the Company:
17,025 (a further 12,033 shares are held by a connected person)

Board of Directors (continued)

Jeremy Hamer

Status:
Independent, non-executive Director
Chairman of the Audit Committee

Skills and experience:
Jeremy Hamer FCA, qualified as a Chartered Accountant before joining Coopers and Lybrand in Holland. His career then took him through a number of financial roles before becoming CEO of a private food group. Turning plural he spent 5 years investing for Elderstreet VCT while taking on a number of Non-Exec Board positions particularly on AIM. He is also a qualified executive coach.

Other appointments:
Jeremy coaches for Westminster Coaching and is a governor of a local prep school in Dorset.

Rationale for re-election:
Jeremy has had a career of both executive and non-executive roles in the very companies in which the VCT invests, giving him considerable insight into the challenges faced by our investee companies. Much of this experience was with AIM listed companies, across an unusually wide range of sectors. His coaching experience brings listening and communication skills to board discussion, while his financial background is important in both investment decisions and the monitoring of investee company progress.

Length of service as at 30 September 2021:
11 years, 6 months

Last re-elected to the Board:
4 February 2021

Committee memberships:
Audit Committee (Chairman)

Remuneration 2020/2021:
£30,700

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

Relevant relationships with investee companies:
Shareholder of Access Intelligence plc

Shared directorships with other Directors:
None

Other public company directorships (not disclosed above):
None

Shareholding in the Company:
30,202 Ordinary shares

Jocelin Harris

Status:
Senior Independent, non-executive Director

Skills and experience:
Jocelin Harris runs Durrington Corporation where he has worked since 1986. Durrington provides management and financial support services to developing companies. He has been an investor in Venture Capital Trusts since they were introduced in 1995 and has personally invested in over 50 early stage and start-up businesses. He is a qualified solicitor and also worked at private bank Rea Brothers where he was a director from 1979 to 1986.

Other appointments:
Jocelin is a director of Foresight VCT and is on the boards of a number of UK and US private companies in which he currently has investments. He is a trustee of St Peter's College, Oxford.

Rationale for re-election:
Jocelin brings both his legal and financial experience to board discussions and decisions along with his involvement in a wide range of different sectors as a result of his many investments in early stage businesses. He has been on the boards of over 120 companies in the UK and USA during his career many of which he has chaired.

Length of service as at 30 September 2021:
15 years, 5 months

Last re-elected to the Board:
4 February 2021

Committee memberships:
Audit Committee

Remuneration 2020/2021:
£28,700

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

Relevant relationships with investee companies:
Shareholder in Antler Holdco (Interactive Investor)

Shared directorships with other Directors:
None

Other public company directorships (not disclosed above):
None

Shareholding in the Company:
113,572 Ordinary shares

Investment Management Team

Chris Hutchinson

Director and Senior Fund Manager

Chris is senior investment manager at Unicorn Asset Management ("UAM") and is the individual primarily responsible for selecting stocks for inclusion within the UAM AIM Inheritance Tax Portfolio Service. Chris has been the lead manager of the Company, the largest AIM-focused VCT in the industry, since joining the firm in 2005. Chris is also the lead manager of the Unicorn Outstanding British Companies Fund and a senior member of Unicorn AM's Investment Committee. Chris has over 20 years' experience managing portfolios of UK smaller companies.

Paul Harwood

Non-Executive Director,
Chairman of the Investment Committee

Paul is chairman of UAM's Investment Committee and has over 40 years' investment experience. Before joining UAM, Paul held positions at Phillips & Drew, Richards Longstaff and Mercury Asset Management/Merrill Lynch, where he was a director, the joint head of the European Equity Investment Team and latterly the head of the UK Smaller Companies Team.

Fraser Mackersie

Fund Manager

Fraser is co-manager of the Unicorn UK Income Fund and Acorn Income Fund, and the lead manager of the Unicorn UK Growth Fund. Fraser joined UAM in 2008, having previously held positions with F&C Asset Management and Geoghegan & Co Chartered Accountants. He graduated from the University of St Andrews in 2003 with a degree in Economics and Management, and is a fellow of the Association of Chartered Certified Accountants.

Simon Moon

Fund Manager

Simon has been co-manager of the Unicorn UK Income Fund and Acorn Income Fund, and the lead manager of the Unicorn UK Smaller Companies Fund since 2013. He joined UAM in 2008, since when he has been an active member of the Investment Committee. Prior to joining UAM, Simon worked as a research analyst at JM Finn & Co Stockbrokers and spent three years in the NHS Graduate Finance Scheme.

Alex Game

Assistant Fund Manager

Alex is assistant fund manager to the Unicorn UK Growth Fund and works alongside its lead manager, Fraser Mackersie. Alex has been a member of the UAM investment team since joining the firm in 2014. Prior to joining UAM, Alex worked for two years as a client advisor at Stanhope Capital. Alex is a CFA Charterholder and graduated with a BSc (Hons) in Physics from Durham University.

Max Ormiston

Assistant Fund Manager

Max is assistant fund manager to the Unicorn Outstanding British Companies Fund and supports director and senior fund manager, Chris Hutchinson. Max has been a member of the UAM investment team since joining the firm in 2014. Prior to joining UAM, Max spent four years with Brewin Dolphin, where he worked as an investment manager. Max is a CFA Charterholder and graduated with a BSc in Agribusiness Management from Newcastle University.

Directors' Report

The Directors present the twentieth Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2021 (the "Annual Report") incorporating the Corporate Governance Statement on pages 41 to 44.

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 ("UK Code"). In accordance with the UK 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.

As stated on page 41, the Directors believe that reporting in line with the AIC Code of Corporate Governance (the "AIC Code") is most appropriate for the Company.

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

Throughout the year, the Board consisted of four Directors. All of the Directors are non-executive and are independent of the Investment Manager. The biographies of the Directors are shown on pages 31 and 32 together with their interests in the shares of the Company.

The AIC Code recommends that all directors offer themselves for re-election annually. Tim Woodcock, Jocelin Harris, Jeremy Hamer and Charlotta Ginman will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 3 February 2022.

Dividends

An interim dividend of 3.0 pence per share was paid on 12 August 2021.

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

On 22 November 2021, the Company declared a special interim dividend of 7.0 pence per share following the successful sale of it investment in Augean PLC to Ancala Partners and Fiera Infrastructure. This dividend will be the first interim dividend declared for the year ending 30 September 2022.

Share Capital

At the year-end there were 149,185,118 (2020: 145,732,541) 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 66. No shares have been bought back subsequent to the year end, therefore, at the date of this report, the Company had 149,185,118 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 legislation 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 44. 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 67 to 72.

The business model and strategy is included in the Strategic Report on pages 22 and 23.

Directors’ Report (continued)

Streamlined Energy and Carbon Reporting

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.

For the same reasons, the Company considers itself to be a low energy user under the Streamlined Energy and Carbon Reporting regulations and therefore it is not required to disclose energy and carbon reports.

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, or its assets exceeded €500 million, 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 leveraged and monitors the size of the assets against the limits of AIFMD to assess any requirement to register as 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 2021, the Company held cash balances of £3.6 million, £14.1 million in fully listed stocks and £7.6 million in Unicorn OEIC funds. The majority of the Company’s investment portfolio remains invested in qualifying and non-qualifying AIM traded equities which may be realised, subject to the need for the Company to maintain its VCT status. The cash flow projections, taking into account any assessable ongoing impacts of Covid-19, and 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 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 6 December 2021, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

Post balance sheet events

The Company was advised on 20 October 2021 that its shareholding in Augean was subject to a takeover offer resulting in the sale of this investment with proceeds of £11.7 million and a realised profit of £10.2 million. The proceeds were received on 3 November 2021.

On 22 November 2021, the Board declared an special interim dividend of 7.0 pence per share, which will be payable on 10 February 2022 to Shareholders on the register on 7 January 2022. This dividend will be in respect of the accounting year ending 30 September 2022.

On 2 December 2021, abrdn plc announced plans for the acquisition of Interactive Investor for a consideration of £1.49 billion. The transaction is subject to regulatory and other approvals being received. Should this acquisition be successfully concluded, the Company's holding in Interactive Investor would be valued at approximately £54.5 million against a value of £43.2 million at 30 September 2021.

Annual General Meeting (“AGM”) format for this year

The Board has been considering the potential impact of the ongoing Covid-19 pandemic on the arrangements for the Company’s forthcoming AGM. Although, at the time of writing, government restrictions have been lifted, the situation could change rapidly and arrangements might need to be reviewed. If this is necessary details will be posted on the Company’s website.

A presentation will be given by the Investment Manager and, as in previous years, it is hoped that a representative of one of the investee companies will also present to the meeting.

Notice of the AGM to be held at The Great Chamber, The Charterhouse, Charterhouse Square, London EC1M 6AN. is set out on pages 79 to 83 of this Annual Report and a proxy form is included with Shareholders’ copies of this Annual Report.

Directors' Report (continued)

Voting on all resolutions will be by Poll including proxy votes lodged, therefore all Shareholders are actively encouraged to submit their votes by proxy in accordance with the Notice of Meeting. The Board encourages all Shareholders to vote on the resolutions within the Notice as set out on pages 79 to 83 using the proxy form, or electronically at https://proxy-unicorn.cpip.io/. Shareholders are encouraged to appoint "the Chair of the Meeting" as their proxy. The Board has carefully considered the business to be considered at the AGM and recommends that Shareholders vote in favour of all the resolutions being proposed.

The Board wishes to offer Shareholders the opportunity to submit any questions they may have in advance to the Board or the Investment Manager. Please send all questions via email through the Company Secretary at unicornaimvct@iscaadmin.co.uk. All relevant questions received will be answered and also posted on the Company's website as soon as practicable and, where possible, ahead of the proxy voting deadline. Any change to these arrangements will be notified on the Company's website and if appropriate announced through the RNS.

Broadcast of Meeting and Presentations

The Company intends to broadcast the AGM and presentation via Zoom for those Shareholders unable to attend in person. The Directors will also be in attendance during the presentation. It is anticipated that Shareholders will have an opportunity to submit questions for the Directors or Investment Manager either in advance of the presentations, by email, to unicornaimvct@iscaadmin.co.uk or on the day during the Presentation through the text facility in Zoom. To receive an invitation to join the Zoom presentation please email unicornaimvct@iscaadmin.co.uk from the email address you wish the invitation to be sent, by midday on Friday 31 January 2022.

Business of the AGM

The following notes provide an explanation of a number of the Resolutions that will be proposed at the meeting. Resolutions 1 to 10 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 11 and 12 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting to be passed. Resolutions 10 to 12 are the usual resolutions relating to the authority to issue and buyback shares and in substitution for existing authorities passed in previous years. Resolutions 10 and 11 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

Normally at general meetings of the Company business is conducted on a show of hands, however, as stated above, at the next AGM, to take into account of any potential restrictions on Shareholders attending, the business will be conducted through a Poll on all resolutions. Proxy votes must be lodged with the Registrars 48 hours before the meeting, see notes on pages 81 to 83.

Ordinary Business at the Annual General Meeting

Re-appointment of Auditors

Resolution 3 proposes the re-appointment of BDO LLP as the Company's External Auditor for the forthcoming year and the authority proposed under resolution 4 will authorise the Directors to determine the Auditor's remuneration.

Re-election of Directors

Resolutions 5 to 8 will be proposed to re-elect Tim Woodcock, Charlotta Ginman, Jeremy Hamer and Jocelin Harris as Directors of the Company. The Board currently consists of four 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 all have confirmed they have sufficient time available to commit to the Company. The Board recommends that Shareholders vote in favour of the resolutions relating to their re election. Jocelin Harris and Jeremy Hamer have both served in excess of nine years and have been subject to a higher degree of assessment and evaluation by the Board in recommending their re-election. As reported in the Chariman's Statement Jocelin Harris has indicated his intention to stand down in 2022. He has agreed to stand for re-election at the AGM in February 2022 but intends to stand down before the following AGM. A summary of the Directors' skills and experience is given in their biographies on pages 31 and 32.

Special Business at the Annual General Meeting

Allotment of shares

The authority proposed under Resolution 10 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 £447,555 representing 30% 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 2023.

Directors’ Report (continued)

Disapplication of pre-emption rights
Resolution 11 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:

1. with an aggregate nominal value of up to, but not exceeding, £298,370, representing 20% of the issued share capital at the date of this report, in connection with offer(s) for subscription; and
2. with an aggregate nominal value of up to, but not exceeding, £149,185, 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 2023.

Authority for the Company to purchase its own shares
Resolution 12 authorises the Company to purchase up to 22,362,849 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 at a discount to the latest announced NAV 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 2023.

At the Annual General Meeting held on 4 February 2021, Shareholders gave authority for the Company to buy back a total of 14.99% or 21,710,051 of its own shares. The Company has since repurchased and cancelled 2,302,684 shares and therefore has remaining authority to repurchase 19,407,367 shares which authority will lapse at the Annual General Meeting to be held in 2022.

By order of the Board.

ISCA Administration Services Limited
Company Secretary

7 December 2021

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 40) 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 3 February 2022, 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 49 to 53. 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 2021, 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 2021, as shown on page 40. As with any Board comprising solely of non-executive directors it is unlikely that a Director can fully abstain from any discussion or decision concerning their own fees. Director's remuneration consists of a base fee for all Directors and each Director participated in the process of setting the level of this fee. Additional fees were then set for specific roles and the individual Directors did not participate in setting any additional fee for their own specific role. The Board considers that this process is consistent with the spirit of the AIC Code on the setting of Directors fees.

At the Annual General Meeting held on 4 February 2021, the following votes were cast on the Poll voting on the Remuneration Report:

	Number of votes	% of votes cast
For	9,274,690	96.91
Against	295,950	3.09

The Remuneration Policy was last approved by the Shareholders at the Annual General Meeting held on 30 January 2020.

Votes cast at the Annual General Meeting held on 30 January 2020. on the resolution were as follows:

	Number of votes	% of votes cast
For	6,766,606	87.5
Against	448,334	5.8
At Chairman's discretion	520,581	6.7
Total votes cast	**7,735,521**	**100.0**
Number of votes witheld	315,807	

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.

	30 September 2021		30 September 2020	
Director	Shares	% of share capital	Shares	% of share capital
Tim Woodcock	**30,663**	**0.02**	30,663	0.02
Charlotta Ginman	**29,058**	**0.02**	22,709	0.02
Jeremy Hamer	**30,202**	**0.02**	12,202	0.01
Jocelin Harris	**113,572**	**0.08**	113,572	0.08

There have been no changes in the Directors' interests since 30 September 2021. 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 61.

Pensions (audited information)

None of the Directors receives, or is 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:

a) the remuneration paid to the Directors; and

b) the distributions made to Shareholders by way of dividends paid in the financial year ended 30 September 2021 and the preceding financial year.

There were no share buy-backs for Treasury.

	Year ended 30 September 2021	Year ended 30 September 2020	Change %
Total remuneration	**118,300**	129,751	(8.8)
Dividends paid (Note 7)	**9,557,000**	8,974,000	6.5

Directors' Remuneration Report (continued)

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. Tim Woodcock, 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 2021	Year ended 30 September 2020	Change %
Tim Woodcock* (Chairman)	**32,700**	29,042	12.6
Charlotta Ginman (Independent Director)	**26,200**	25,625	2.2
Jocelin Harris (Senior Independent Director)	**28,700**	28,188	1.8
Jeremy Hamer (Audit Committee Chairman)	**30,700**	29,000	5.9
Peter Dicks (Retired on 18 May 2020)	–	17,896	N/A
Total	**118,300**	129,751	
Expenses†	–	160	
	118,300	129,911	

* Fees for 2020 were £25,625 per annum from 1 October 2019 to 17 May 2020 and £30,750 per annum from 18 May 2020 when Tim Woodcock became Chairman of the Company. Therefore the figures are not directly comparable.

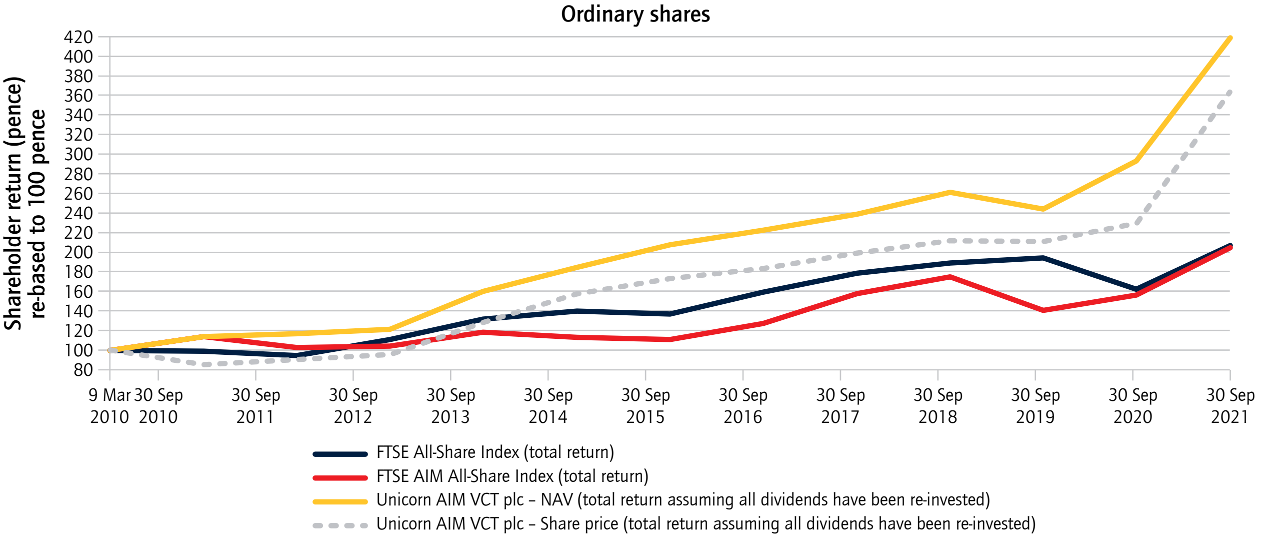
† Travel and other expenses may be considered as taxable benefits for Directors.

Total Shareholder return performance graph

The following graph charts the total cumulative shareholder return of the Company since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010 and merger of all former share classes (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 annual Shareholder return since the merger compared to the total return of the FTSE All-Share and FTSE AIM All-Share indices



An explanation of the performance of the Company is given in the Strategic Report on pages 2 to 30.

Directors' Remuneration Report (continued)

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 applied when agreeing the remuneration of any new Director.

A resolution approving the Remuneration Policy was passed at the Annual General Meeting in January 2020 and will remain valid until the Annual General Meeting in 2023. No changes to the Policy are planned.

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 2022, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Role	Components of Pay Package: Basic Fees	Components of Pay Package: Additional Fees	Expected fees for the year to 30 September 2022*	Performance conditions	Company Strategy	Remuneration Policy
Chairman and Non-executive Director	27,250	6,500	33,750	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 and ensure effective governance.
Non-executive Director and Chairman of the Audit Committee	27,250	4,500	31,750			
Non-executive Senior Independent Director	27,250	2,500	29,750			
Non-executive Directors	27,250	–	27,250			

* 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 2021 to the amounts shown above, an increase of 4% of basic fees.

Terms of Appointment

All of the Directors are non-executive and none of the Directors has a service contract with the Company.

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

7 December 2021

Corporate Governance Statement

The Directors have adopted the AIC Code published in February 2019 for the financial year ended 30 September 2021. The AIC Code addresses the principles and provisions set out in 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 was endorsed in February 2019 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. 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.

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

Throughout the year the Board comprised four 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 31 and 32 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.

Directors' 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. In addition, quarterly valuation meetings were held to consider the valuation of the Company's unlisted portfolio stocks.

Director	Board	Audit Committee
Tim Woodcock	4/4	4/4
Charlotta Ginman	4/4	4/4
Jeremy Hamer	4/4	4/4
Jocelin Harris	4/4	4/4

Corporate Governance Statement (continued)

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 and the Company has adopted a nine year maximum tenure policy for its Chairman.

Jocelin Harris and Jeremy Hamer have both 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 and the Board's succession planning will continue.

Director	Date of appointment
Tim Woodcock	10 June 2019
Charlotta Ginman	14 July 2016
Jeremy Hamer	9 March 2010
Jocelin Harris	25 April 2006

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. The Directors' shareholdings in the Company's investee companies are shown on pages 31 and 32.

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. In 2019, 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.

During the year, the Senior Independent Director led a review of the Directors, the Board and the Committee which was undertaken through a series of discussions with each Director and the key service providers and the outcome was communicated to the Directors. He concluded that the composition and performance of the Board was effective, and that the open culture of the Board facilitated a full and wide-ranging discussion in meetings and led to a collegiate approach on all matters. 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, 1 October 2018 and again on 18 November 2021. 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.

At 30 September 2021, employees of the Investment Manager held 1,402,965 shares in the Company.

The Investment Manager has adopted a proactive approach to vote at all general meetings of investee companies. Institutional Shareholder Services ("ISS") have been engaged by the Investment Manager to advise on voting matters in accordance with their Proxy

Corporate Governance Statement (continued)

Voting Guidelines with particular focus on Environmental, Social, and Governance ("ESG") criteria. In reaching a final decision on voting, the aims and objectives of the Company will take precedence when voting.

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 5 to 17, the Financial Highlights on page 1 and the Financial Performance Review on pages 18 and 19. Details of the management fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 60. 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 61.

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

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 there from, 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.

Corporate Governance Statement (continued)

The procedure for regular interim and full year reviews of control systems has been in place and operational throughout the year under review. The last formal annual review took place on 18 November 2021. The Board has identified no issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

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 34 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 stated above, voting at the 2022 AGM will be undertaken on a Poll on all Resolutions.

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 usually there is an opportunity to question the Directors, the Chairman of the Audit Committee and the Investment Manager at the AGM. For the 2022 AGM, Shareholders have been requested to submit questions by email to unicornaimvct@iscaadmin.co.uk.

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, normally voting is undertaken on a show of hands and the Chairman will disclose the proxy votes received after the voting is declared. Due to the potential impact of Covid19 on holding the meeting to be held in February 2022 the Chairman will call a Poll for voting on all resolutions. The proxy votes cast, together with any votes polled in the meeting room will be used to decide each resolution. The Poll voting will be declared on the results of the Poll and will be published on the Stock Exchange RNS system and the Company's website.

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 questions will be passed to the relevant Director or the Board as a whole.

By order of the Board

ISCA Administration Services Limited
Company Secretary

7 December 2021

Audit Committee Report

I chair the Committee and it comprises all members of the Board. 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. I 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. All Board members are independent of the Investment Manager.

The Committee meets at least three times per year and its responsibilities are set out in its terms of reference, which are reviewed annually and are available on the Company's website (www.unicornaimvct.co.uk) or can be requested from the Company Secretary, who, supplemented by the External Auditor, updates the Committee with changes in relevant legislation. With the lifting of government restrictions, quarterly meetings are now held face to face and supplementary meetings are also held by telephone or other electronic means. Meetings are minuted by 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 the approval of the re-appointment of BDO LLP as the Company's External Auditor;
- revised the documentation used to monitor and review risk, as well as adding an eighth category of 'emerging risk'. We have linked the risk identification and mitigation activities together recognising more clearly where the mitigation responsibilities lie between the Board and the service providers in each case. The Board have sought evidence from the service providers of their mitigation work while continuing to review the overall position quarterly. Finally this is summarised on a heat map by key risk to give us a clear picture of the overall position;
- reviewed the internal controls of our service providers;
- reviewed the report produced by PwC biannually on the Company's compliance with the VCT status tests;
- reviewed the custody arrangements in place to confirm title to investments;
- reviewed the processes of the administrator;
- reviewed unquoted valuations on a quarterly basis;
- reveiwed proposed new unquoted investments; and
- reviewed the cyber security of the Company and its service providers.

1. Financial Reporting (valuation of investments)

Financial Statements

The Committee has responsibility for reviewing the financial statements and reporting to the Board on any significant issues. 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 year.

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

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. The IPEV valuation guidelines (updated in December 2018) require the Investment Manager to update the valuation model for each unquoted investment individually, with the latest available information from the company itself and market data and to update the valuations accordingly. All unquoted investments are reviewed on a quarterly basis.

The Committee has reviewed the peer benchmarking, recent transactions data and the particular importance of the discount level to reflect the lack of liquidity in unquoted shares and, where appropriate, recommended revised valuations to the Board. The Committee paid particular attention to the methodology and process for valuing these investments to ensure that the resulting valuation was appropriate and in accordance with IPEV valuation guidelines. The formal quarterly reviews are supplemented with additional reviews should material new information become available. 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 should be treated as realised and considered the further permanent impairment, as detailed in note 9.

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

Audit Committee Report (continued)

Revenue Recognition
The revenue generated from dividend income and loan stock interest has been considered by the Committee noting an increase in dividend income this year. 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 reviewed the process in place for managing 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.

Going Concern and Viability Statement
The Committee monitors the Company's resources at each of its quarterly meetings to assess that the Company has adequate financial resources to remain in operation. This includes a review of both cash balances and readily realisable investments.

Prior to the release of the Half-Yearly and Annual Reports the Committee reviews a 3 year cash flow forecast.

The Committee is satisfied both as to the Company being a going concern for the next 12 months and viable over the longer term.

2. Internal Controls and Risk Management

Key internal controls
The key internal controls document is reviewed by the Committee at least annually. The Committee considers the implication of the risks to each stakeholder group, the relevant controls in place and the level of impact each risk has on the Company.

In addition, the Committee receives a quarterly risk summary from the Company Secretary and reviews for any issues or changes in the level of risk in the period.

During the year, labour and material shortages have been added to the risk matrix and the necessary controls and actions taken are referred to on page 28.

Compliance with VCT Tests (Tax Compliance)
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, presenting their findings at a meeting. The Committee is very aware of the importance of compliance in this context.

PwC presents its Report to the Committee at the meetings covering the Half-Yearly and Annual Reports where the Committee will ask questions, discuss and approve the report in advance of releasing the results.

Compliance, whistleblowing and fraud
During the year, the Committee received no reports from the Investment Manager regarding money laundering, whistleblowing or fraud impacting the Company.

The Committee chairman has visited the Investment Manager's external compliance officer during the year to discuss any compliance and governance concerns at the Investment Manager. There were no issues to report.

Anti-Bribery Policy
The Company has maintained a zero-tolerance approach to bribery.

A summary of the anti-bribery policy can be found on page 29 of this report and on the Company's website. A full copy can be obtained from the Company Secretary by sending an email to: unicornaimvct@iscaadmin.co.uk.

Cyber Security
During the year, the Committee has overseen tightening of cyber security at both our key service providers. Both Unicorn Asset Management and ISCA have taken advice and action to reduce the likelihood of attack and data breach. This focus must continue.

3. Audit

Internal Audit
The Committee has not seen the need to introduce an internal audit other than the work done by the Committee itself. The justification for this decision is given in the Corporate Governance Statement on page 41.

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 draft audit strategy Committee meeting and the Committee meeting that considered the Annual Report.

The Committee has also undertaken a review of the External Auditor and the effectiveness of the audit process. 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, particularly around unquoted valuations, and raised any significant issues in advance of the audit process commencing;
- an audit team that is appropriately resourced and demonstrates continuity from prior years;

Audit Committee Report (continued)

- 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;
- an expectation of clear and prompt communication with the members of the Committee, the Administrator and the Investment Manager and produces comprehensive reports on its findings;
- the ability to meet timetables set by the Company;
- maintained independence and objectivity; and
- charged justifiable fees in light of the scope of services provided.

The Committee negotiates audit fees on an annual basis for approval by the Board and can confirm that there was no change to that negotiated fee at the conclusion of the work. This is all completed in conjunction with the approval of the audit strategy document before the start of the audit.

BDO had a partner rotation in 2020 and are satisfied that they remain independent. The external audit strategy document was reviewed and approved by the Committee, after its Chairman had attended an Audit Strategy meeting before the commencement of the year-end audit.

Despite the Partner rotation in 2020 BDO have now served 20 years as our auditor and the company is required in the next 2 years to go out to tender. The Board has decided that the Audit Committee will carry out that tender process during 2022 whilst confirming that it will recommend BDO’s reappointment at the AGM for next year’s 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 49 and in line with the transitional arrangements under the current Ethical Standard, the External Auditor will need to step down in 2023. The Board will review the appointment of the replacement External Auditor ahead of this date.

Non-audit services

The Committee has reviewed the implications of the Financial Reporting Council’s (FRC) Revised Ethical Reporting Standard 2019 and as a result has decided to contract other third-party suppliers to carry out these duties. The External Auditor 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 2022, BDO LLP be re-appointed as the External Auditor of the Company for the forthcoming year.

Jeremy Hamer
Audit Committee Chairman

7 December 2021

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 provides 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 profit 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:

Tim Woodcock
Chairman

7 December 2021

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

Opinion on the Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of the Company's profit for the year then ended;
- the Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Unicorn AIM VCT Plc for the year ended 30 September 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the 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 FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the members to audit the Financial Statements for the year ending 30 September 2002 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 20 years, covering the years ending 30 September 2002 to 30 September 2021 and therefore the last year we can act as auditor before a mandatory rotation is required is the year ended 30 September 2023, due to transitional arrangements applied which allow us to act as auditor until then.

We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the appropriateness of the Directors' method of assessing the going concern assumption in light of current market volatility and the present uncertainties in economic recovery created by the ongoing Covid-19 pandemic by reviewing the information used by the Directors in completing their assessment;
- challenging Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the liquidity of the portfolio; and
- calculating financial ratios to consider the financial health of the Company.

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

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

		2021	2020
Key audit matters	Valuation and ownership of investments	✓	✓
	Revenue recognition	✓	✓
Materiality	**Financial Statements as a whole** £3.6m (2020: £2.4m) based on 1% (2020: 1%) of invested assets i.e. non-current asset investments		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the Financial Statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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

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, including 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.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (notes 1 and 9) Investments represent the most material balance in the Financial Statements and are the primary driver of returns to Shareholders and therefore valuation and ownership are considered to be significant risks. There is a high level of estimation uncertainty involved in determining the unquoted investment valuations. The Investment Manager's fee is based on the value of the net assets of the fund. The Investment Manager is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations. Given the significance of investments, valuation and ownership of investments was considered to be a key audit matter.	We responded to this matter by testing the valuation and ownership of the portfolio of investments. We performed the following procedures: In respect of 100% of quoted investment valuations we have: • confirmed the year-end bid price was used by agreeing all quoted investments to externally quoted prices and assessed if there were contradictory indicators, such as liquidity considerations, from reviewing trading volumes, which would suggest the bid price is not the most appropriate indication of fair value; and • obtained direct confirmations of holdings from the custodian regarding all of investments held at the balance sheet date. In respect of a sample of unquoted investment valuations we have: • obtained the most recent financial statements of the underlying investee companies; • formed a determination of whether the valuation methodology is the appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines; • re-performed the calculation of investment valuations; • challenged the assumptions inherent in the valuation of unquoted investments by developing our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased; • assessed the impact of the estimation uncertainty concerning these assumptions; • considered the economic environment in which the investment operates to identify factors that could impact the investment valuation; • obtained direct confirmation of holdings from investee companies or other sources of ownership such as Companies House regarding a sample of investments held at the balance sheet date; and • where direct confirmation was not available, we performed additional procedures such as agreeing to share certificate and confirmation statements, confirming ownership. **Key observations** Based on the procedures performed we did not identify any issues relating to the valuation and ownership of the portfolio of investments.

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

Revenue recognition (notes 1 and 2) Income arises from both quoted and unquoted investments and can be unpredictable, but can be a key factor in demonstrating the return of the portfolio and therefore a key audit matter.	We derived an independent expectation of income based on the investment holding and information on distributions obtained from independent sources. We cross checked the portfolio against corporate actions and special dividends and challenged whether these had been appropriately accounted for as income or capital by reviewing the underlying reason for issue of the dividend and whether it could be driven by a capital event. We assessed the whole population of dividend receipts to identify any items for further investigation that could indicate a capital distribution, by assessing where a dividend represents a threshold higher than 5%. We traced a sample of recorded dividend income receipts to bank statements. We assessed the recoverability of accrued income balance at the year-end, by considering whether the accrued income was received in line with the expected dividend payment date. **Key observations:** Based on our procedures performed we did not identify any material misstatements in the revenue recognised.

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 as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole and performance materiality as follows:

	Company Financial Statements	
	2021 £m	2020 £m
Materiality	3.6	2.4
Basis for determining materiality	1% of invested assets i.e. non-current asset investments.	
Rationale for the benchmark applied	As a VCT, the value of investments is the key measure of performance.	
Performance materiality	2.5	1.56
Basis for determining performance materiality	70% of materiality (2020: 65% of materiality) based on the expected total value of known and likely misstatements and the level of transactions in the year.	

Specific materiality

We also determined that for items impacting revenue return, a misstatement of less than materiality for the Financial Statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items to be £300,000 (2020: £245,000) based on 5% (2020: 5%) of gross expenditure We further applied a performance materiality level of 70% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £15,000 (2020: £12,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 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. 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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. 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.

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

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit Committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic Report and Directors' Report	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. 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.
Directors' remuneration	In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company 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.

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates from enquiries with management and from our sector knowledge, 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 AIC Code of Corporate Governance, industry practice represented by the AIC SORP, UK GAAP, and 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.

The engagement partner has assessed and confirmed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status.

We assessed the susceptibility of the Financial Statements to material misstatement, including fraud. Our audit work focussed on the valuation of unquoted investments, where the risk of material misstatement due to fraud is the greatest (refer to the Key Audit Matter section). We also:

- recalculated investment management fees in total; and
- obtained independent confirmation of bank balances.

Our audit procedures were designed to respond to risks of material misstatement in the Financial Statements, 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. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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.

Justin Chait (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
7 December 2021

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

Income Statement

for the year ended 30 September 2021

	Notes	Year ended 30 September 2021 Revenue £'000	Capital £'000	Total £'000	Year ended 30 September 2020 Revenue £'000	Capital £'000	Total £'000
Net unrealised gains on investments	9	–	**109,078**	**109,078**	–	50,506	50,506
Net gains on realisation of investments	9	–	**6,741**	**6,741**	–	337	337
Income	2	**1,717**	**317**	**2,034**	1,620	–	1,620
Investment management fees	1f & 3	**(1,515)**	**(4,544)**	**(6,059)**	(1,042)	(3,126)	(4,168)
Other expenses	4	**(733)**	**–**	**(733)**	(747)	–	(747)
(Loss)/profit on ordinary activities before taxation		**(531)**	**111,592**	**111,061**	(169)	47,717	47,548
Tax on (loss)/profit on ordinary activities	6	–	–	–	–	–	–
(Loss)/profit on ordinary activities after taxation for the financial year		**(531)**	**111,592**	**111,061**	(169)	47,717	47,548
Basic and diluted earnings per share: Ordinary shares	8	**(0.36)p**	**75.39p**	**75.03p**	(0.12)p	34,69p	34.57p

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 October 2019 by the Association of Investment Companies.

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 58 to 73 form part of these Financial Statements.

Statement of Financial Position

as at 30 September 2021

Company number 04266437

	Notes	30 September 2021 £'000	30 September 2021 £'000	30 September 2020 £'000	30 September 2020 £'000
Non-current assets					
Investments at fair value	9		368,599		239,566
Current assets					
Debtors	11	454		916	
Cash and cash equivalents		3,642		21,387	
		4,096		22,303	
Creditors: amounts falling due within one year	12	(1,897)		(1,663)	
Net current assets			2,199		20,640
Net assets			370,798		260,206
Capital					
Called up share capital	13		1,491		1,457
Capital redemption reserve			88		56
Share premium account			53,602		38,320
Capital reserve			222,185		117,421
Special reserve			87,659		98,434
Profit and loss account			5,773		4,518
Equity Shareholders' funds			370,798		260,206
Net asset value per Ordinary share: Ordinary shares	15		248.55p		178.55p

The Financial Statements were approved and authorised for issue by the Board of Directors on 7 December 2021 and were signed on their behalf by:

Tim Woodcock
Chairman

The notes on pages 58 to 73 form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 September 2021

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Unrealised capital reserve £'000	Special reserve* £'000	Profit and loss account* £'000	Total £'000
At 1 October 2020	**1,457**	**56**	**38,320**	**117,421**	**98,434**	**4,518**	**260,206**
Shares repurchased for cancellation and cancelled (see Note 13)	**(32)**	**32**	**–**	**–**	**(6,264)**	**–**	**(6,264)**
Shares issued under Offer for Subscription (see Note 13)	**63**	**–**	**14,887**	**–**	**–**	**–**	**14,950**
Expenses of shares issued under Offer for Subscription (see Note 14)	**–**	**–**	**(355)**	**–**	**–**	**–**	**(355)**
Proceeds from DRIS share issues	**3**	**–**	**782**	**–**	**–**	**–**	**785**
Expenses of DRIS share issues	**–**	**–**	**(32)**	**–**	**–**	**–**	**(32)**
Transfer to special reserve	**–**	**–**	**–**	**–**	**(4,511)**	**4,511**	**–**
Gains on disposal of investments (net of transaction costs)	**–**	**–**	**–**	**–**	**–**	**6,741**	**6,741**
Realisation of previously unrealised valuation movements	**–**	**–**	**–**	**(4,314)**	**–**	**4,314**	**–**
Net increases in unrealised valuations in the year	**–**	**–**	**–**	**109,078**	**–**	**–**	**109,078**
Dividends paid (Note 7)	**–**	**–**	**–**	**–**	**–**	**(9,553)**	**(9,553)**
Investment Management fee charged to capital	**–**	**–**	**–**	**–**	**–**	**(4,544)**	**(4,544)**
Capital dividend received	**–**	**–**	**–**	**–**	**–**	**317**	**317**
Revenue return for the year	**–**	**–**	**–**	**–**	**–**	**(531)**	**(531)**
At 30 September 2021	**1,491**	**88**	**53,602**	**222,185**	**87,659**	**5,773**	**370,798**
At 1 October 2019	1,307	25	13,856	65,535	114,297	6,096	201,116
Shares repurchased for cancellation and cancelled	(31)	31	–	–	(4,147)	–	(4,147)
Shares issued under Offer for Subscription	178	–	24,570	–	–	–	24,748
Expenses of shares issued under Offer for Subscription	–	–	(583)	–	–	–	(583)
Proceeds from DRIS share issues	3	–	507	–	–	–	510
Expenses of DRIS share issues	–	–	(30)	–	–	–	(30)
Transfer to special reserve	–	–	–	–	(7,295)	7,295	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	337	337
Realisation of previously unrealised valuation movements	–	–	–	1,380	–	(1,380)	–
Net increases in unrealised valuations in the year	–	–	–	50,506	–	–	50,506
Dividends paid (Note 7)	–	–	–	–	(4,421)	(4,535)	(8,956)
Investment Management fee charged to capital	–	–	–	–	–	(3,126)	(3,126)
Revenue return for the year	–	–	–	–	–	(169)	(169)
At 30 September 2020	1,457	56	38,320	117,421	98,434	4,518	260,206

* The special reserve and profit and loss account are distributable to Shareholders. The cancellation of the Share premium account and Capital redemption reserve was approved by the Court on 26 March 2019.

The notes on pages 58 to 73 form part of these Financial Statements.

Statement of Cash Flows

for the year ended 30 September 2021

	Notes	30 September 2021 £'000	30 September 2021 £'000	30 September 2020 £'000	30 September 2020 £'000
Operating activities					
Investment income received		**1,951**		1,638	
Investment management fees paid		**(5,651)**		(3,936)	
Other cash payments		**(742)**		(757)	
Net cash outflow from operating activities	16		**(4,442)**		(3,055)
Investing activities					
Purchase of investments	9	**(29,494)**		(6,910)	
Sale of investments	9	**16,838**		10,239	
Net cash (outflow)/inflow from investing activities			**(12,656)**		3,329
Net cash (outflow)/inflow before financing			**(17,098)**		274
Financing					
Dividends paid	7	**(8,768)**		(8,446)	
Shares issued under Offer for Subscription (net of transaction costs)	14	**14,417**		24,343	
Expenses of DRIS share issues		**(32)**		(30)	
Shares repurchased for cancellation	13	**(6,264)**		(4,147)	
Net cash (outflow)/inflow from financing			**(647)**		11,720
Net (decrease)/increase in cash and cash equivalents			**(17,745)**		11,994
Cash and cash equivalents at 30 September 2020			**21,387**		9,393
Cash and cash equivalents at 30 September 2021			**3,642**		21,387

The notes on pages 58 to 73 form part of these Financial Statements.

Notes to the Financial Statements

for the year ended 30 September 2021

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 October 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. The Directors' assessment of the Company as a going concern is given on page 35.

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 Comprehensve 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 International Private Equity and Venture Capital Valuation ("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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

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.

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 Board's expected long-term split of returns from the investment portfolio of the Company.

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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

2. Income

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Income from investments						
– equities	1,465	317	1,782	1,418	–	1,418
– loan stocks	37	–	37	39	–	39
– bank interest	2	–	2	11	–	11
– Unicorn managed OEICs (including reinvested dividends)	213	–	213	152	–	152
Total income	1,717	317	2,034	1,620	–	1,620
Total income comprises:						
Dividends	1,678	317	1,995	1,570	–	1,570
Interest	39	–	39	50	–	50
	1,717	317	2,034	1,620	–	1,620
Income from investments comprises:						
Listed UK securities	422	317	739	312	–	312
Unlisted UK securities (AIM and unquoted companies)	1,295	–	1,295	1,308	–	1,308
	1,717	317	2,034	1,620	–	1,620

3. Investment Management fees

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Unicorn Asset Management Limited	1,515	4,544	6,059	1,042	3,126	4,168

With effect from 1 January 2022, the Management fee will be amended as follows:

Net assets	Fee from 1 January 2022	Fee to 31 December 2021
Up to £200 million	2.0% per annum as at the relevant quarter date	2.0% per annum as at the relevant quarter date
In excess of £200 million and up to £450 million	1.5% per annum as at the relevant quarter date	1.5% per annum as at the relevant quarter date
In excess of £450 million	1.0% per annum as at the relevant quarter date	1.5% per annum as at the relevant quarter date

At 30 September 2021, employees of the Investment Manager held 1,402,965 shares in the Company.

During the year, Unicorn Asset Management Limited ("UAML") received 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 2021, UAML also earned fees of £52,000 (2020: £46,500), 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.

The management fee will be subject to repayment to the extent that the annual costs of the Company incurred in the ordinary course of business have exceeded 2.75% of the closing net assets of the Company at each year end. There was no excess of expenses for year 2020/21 or the prior year.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

4. Other expenses

	2021 £'000	2020 £'000
Directors' remuneration (see Note 5 below)	**118**	130
IFA trail commission	**148**	158
Administration services	**175**	165
Broker's fees	**14**	14
Custody fees	**50**	50
Auditors' fees		
– for audit related services pursuant to legislation excluding VAT	**45**	32
VCT compliance monitoring fees	**19**	15
Other professional fees (including taxation fees)	**16**	14
Directors' and officers' insurance	**6**	6
Registrar's fees	**48**	70
Printing	**26**	27
Sundry	**68**	66
	733	747

5. Directors' remuneration

	2021 £'000	2020 £'000
Directors' emoluments		
Tim Woodcock	**33**	29
Charlotta Ginman	**26**	26
Jeremy Hamer	**31**	29
Jocelin Harris	**28**	28
Peter Dicks (retired 18 May 2020)	**–**	18
	118	130

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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

6. Taxation on ordinary activities

a) Analysis of tax charge in the year

	2021 £'000	2020 £'000
Current and total tax charge (Note 6b)	–	–

b) Factors affecting tax charge for the year:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	111,061	47,548
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	21,102	9,034
Non-taxable UK dividend income	(379)	(298)
Non-taxable unrealised gains	(20,725)	(9,596)
Non-taxable realised gains	(1,281)	(64)
Allowable expense not charged to revenue	863	594
Deferred tax not recognised	420	330
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(863)	(594)
Additional losses carried forward to future years	863	594
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 £42,888,000 (30 September 2020: £36,136,000).

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

7. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim capital dividend of 3.0 pence (2020: 3.0 pence) per share for the year ended 30 September 2021 paid on 12 August 2021	**4,484**	4,421
Final capital dividend of 3.5 pence (2020: 3.0 pence) per share for the year ended 30 September 2020 paid on 11 February 2021	**5,073**	3,903
Final income dividend of nil pence (2020: 0.5 pence) per share for the year ended 30 September 2020 paid on 11 February 2021	**–***	650
Total dividends paid in the year#	**9,557**	8,974
Unclaimed dividends returned	**(4)**	(18)
Total dividends	**9,553**	8,956

* The amount paid in dividends for 2020 differs from that shown in last years Annual Report as the total dividend was allocated to capital.

The difference between total dividends and that shown in the Cash Flow Statement is £785,000, which is the amount of dividends reinvested under the DRIS.

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.

Set out below are the total income dividends payable in respect of the 2020/21 financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

	2021 £'000	2020 £'000
Loss for the year	**(531)**	(169)
Interim income dividend paid of nil pence (2020: nil pence)	**–**	–
Proposed final income dividend of nil pence (2020: nil pence) for the year ended 30 September 2021	**–**	–

8. Basic and diluted earnings and return per share

	2021	2020
Total earnings after taxation: (£'000)	**111,061**	47,548
Basic and diluted earnings per share (Note a) (pence)	**75.03**	34.57
Net revenue from ordinary activities after taxation (£'000)	**(531)**	(169)
Revenue earnings per share (Note b) (pence)	**(0.36)**	(0.12)
Total capital return (£'000)	**111,592**	47,717
Capital earnings per share (Note c) (pence)	**75.39**	34.69
Weighted average number of shares in issue during the year	**148,025,648**	137,556,594

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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

9. Investments at fair value

	Fully listed £'000	Traded on AIM £'000	Unlisted shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	2021 Total £'000	2020 Total £'000
Opening book cost at 30 September 2020	15,211	91,508	16,338	500	5,775	**129,332**	136,202
Unrealised (losses)/gains at 30 September 2020	(4,517)	79,561	42,475	–	(99)	**117,420**	65,535
Permanent impairment in value of investments	–	(6,819)	(367)	–	–	**(7,186)**	(9,186)
Opening valuation at 30 September 2020	10,694	164,250	58,446	500	5,676	**239,566**	192,551
Shares delisted	–	(1,301)	1,301	–	–	**–**	–
Purchases at cost	–	29,494	–	–	23	**29,517**	6,929
Sale proceeds	(1,519)	(12,431)	(2,364)	–	–	**(16,314)**	(10,763)
Net realised gains recognised in year	502	5,541	709	–	–	**6,752**	343
Increase in unrealised gains	4,406	84,458	18,336	–	1,878	**109,078**	50,506
Closing valuation at 30 September 2021	14,083	270,011	76,428	500	7,577	**368,599**	239,566
Book cost at 30 September 2021	13,709	117,283	16,199	500	5,798	**153,489**	129,332
Unrealised gains at 30 September 2021	374	156,708	63,324	–	1,779	**222,185**	117,420
Permanent impairment in value of investments (see note)	–	(3,980)	(3,095)	–	–	**(7,075)**	(7,186)
Closing valuation at 30 September 2021	14,083	270,011	76,428	500	7,577	**368,599**	239,566

Transaction costs on the purchase and disposal of investments of £11,000 were incurred in the year. These have not been deducted from realised gains shown above of £6,752,000, but have been deducted in arriving at gains on realisation of investments disclosed in the Income Statement of £6,741,000.

The shares delisted during the year relate to HML Holdings.

Note: Permanent impairments of £7,075,000 were held in respect of losses on investments held at the previous year end. Additional impairments of £2,164,000 provided for in the year relate to Crawshaw Group, £1,539,000 and Syndicate Room, £625,000. The reduction in impairments of £2,275,000 was made relating to the sale of APC Technologies.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flows is £23,000 which represents the reinvested dividends on the Unicorn Ethical Fund. The difference between the sale proceeds in Note 9 and that shown in the Cash Flows is £524,000 which represents settlement of the trade outstanding included in debtors at 30 September 2020.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

10. Significant interests

At 30 September 2021, 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 equity %
Hasgrove	1,303	–	1,303	24.5
Feedback	2,000	–	2,000	18.8
British Honey Company (The)	3,001	–	3,001	16.6
LightwaveRF	2,616	–	2,616	15.0
ECSC Group	2,420	–	2,420	14.5
Microsaic Systems	2,175	–	2,175	12.3
nkoda	2,500	–	2,500	11.5
PHSC	253	–	253	9.6
Surface Transforms	3,164	–	3,164	9.1
Directa Plus	3,800	–	3,800	8.7
Dillistone Group	1,078	–	1,078	8.1
Anpario	1,422	–	1,422	8.0
Heartstone Inns	1,112	–	1,112	7.3
Immotion Group	2,250	–	2,250	7.0
LungLife AI	3,080	–	3,080	6.9
VR Education Holdings	2,084	–	2,084	6.5
Falanx Group	1,500	–	1,500	6.3
Phynova	1,500	–	1,500	6.2
Avingtrans	1,864	–	1,864	6.1
SuINOx Group	1,700	–	1,700	6.0
Trackwise Designs	1,750	–	1,750	5.8
ULS Technology	1,500	–	1,500	5.8
Hardide	2,054	–	2,054	5.7
Tracsis	1,500	–	1,500	5.6
Verditek	1,500	–	1,500	5.5
Belvoir Group	2,362	–	2,362	5.4
Fusion Antibodies	1,160	–	1,160	5.4
Destiny Pharma	2,000	–	2,000	5.1
Access Intelligence	3,159	–	3,159	5.1
Osirium Technologies	2,000	500	2,500	4.7
Interactive Investor	3,447	–	3,447	4.6
Arecor Therapeutics	2,500	–	2,500	4.0
Trellus Health	2,500	–	2,500	3.9
Bonhill Group	3,160	–	3,160	3.8
Tristel	878	–	878	3.5
Touchstar Technologies	338	–	338	3.4
Verici DX	900	–	900	3.2
Totally plc	3,106	–	3,106	3.2
Driver Group	1,113	–	1,113	3.1
Saietta Group	3,151	–	3,151	3.1
PCI-PAL	900	–	900	3.1
Augean	1,576	–	1,576	3.0

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

At 30 September 2021, the Company held 0.3% of the B shares issued by Unicorn UK Smaller Companies Fund, 0.4% of the B shares issued by the Unicorn UK Growth Fund, 1.2% of the Income B shares and 0.2% 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 11 to 16 of this Report.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

11. Debtors

	2021 £'000	2020 £'000
Amounts due within one year:		
Trade for future settlement	–	524
Prepayments and accrued income	454	392
	454	916

12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Accruals	1,897	1,663
	1,897	1,663

13. Called up share capital

	2021 £'000	2020 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 149,185,118 (2020: 145,732,541)	1,491	1,457

During the year, the Company made purchases of 3,204,997 (a total of £32,050 nominal value) of its own Ordinary shares for a total cost of £6,264,000 representing 2.2% of the opening share capital.

In January 2021, the Company announced an Offer for Subscription which remained open until 11 February 2021. The Company allotted 6,314,627 Ordinary shares representing 4.3% of the opening share capital at prices ranging from 236.22 pence per share to 244.38 pence per share, raising net funds of £14,595,000 from gross funds raised of £14,950,000.

During the year, the Company allotted 342,947 Ordinary shares at an average price of 228.99 pence per share under the DRIS.

14. Reserves

The full details of the changes in reserves are shown in the Statement of Changes in Equity on page 56.

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. Included in the transfer to the Special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year of £78,000 and a net decrease in permanent impairments of £111,000.

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 £14,417,000 being shares issued under the Offer for Subscription of £14,950,000, less expenses of shares issued under the Offer for Subscription of £355,000. Total expenses were £355,000, being 2.5% of amounts subscribed under the Offer less any discount, payable to the Investment Manager as Promoter to the Offer. The difference of £178,000 was the amount payable to the promoter at the prior year end.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

15. Net asset value

	2021	2020
Net Assets	**£370,798,000**	£260,206,000
Number of shares in issue	**149,185,118**	145,732,541
Net asset value per share	**248.55p**	178.55p

16. Reconciliation of profit for the year to net cash outflow from operating activities

	2021 £'000	2020 £'000
Profit for the year	**111,061**	47,548
Net unrealised gains on investments	**(109,078)**	(50,506)
Net gains on realisation of investments	**(6,741)**	(337)
Transaction costs	**(11)**	(6)
(Increase)/decrease in debtors and prepayments	**(62)**	34
Increase in creditors and accruals	**412**	231
Reconciling items – dividends reinvested	**(23)**	(19)
Net cash outflow from operating activities	**(4,442)**	(3,055)

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 2021. All assets are included in the Statement of Financial Position at fair value and all liabilities at amortised cost which equates to fair value.

	2021 (Book and fair value) £'000	2020 (Book and fair value) £'000
Assets at fair value through profit or loss:		
Investment portfolio	**368,599**	239,566
Trade for future settlement	**–**	524
Loans and receivables		
Accrued income	**437**	377
Cash at bank	**3,642**	21,387
Liabilities at amortised cost or equivalent		
Creditors	**(1,897)**	(1,663)
Total for financial instruments	**370,781**	260,191
Non-financial instruments	**17**	15
Total net assets	**370,798**	260,206

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

The investment portfolio principally consists of fully listed, AIM quoted investments, unquoted investments and collective OEIC investment funds managed by UAML, valued at their bid price, or Directors' valuation for unquoted investments, 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 (72.9% of net assets), within the OEIC funds managed by UAML (2.0% of net assets), unquoted investments 20.7% of net assets) and fully listed shares (3.8% 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.

Cash is held at banks with a credit rating of A or above.

The Company's maximum exposure to credit risks at 30 September 2021 was:

	2021 £'000	2020 £'000
Loan stock investments	**500**	500
Trade for future settlement	–	524
Accrued income and other debtors	**437**	377
Cash at bank	**3,642**	21,387
	4,579	22,788

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

	2021 £'000	2020 £'000
Repayable or converting within		
0 to 1 year	–	–
1 to 2 years	–	–
2 to 3 years	–	–
3 to 4 years	**500**	–
4 to 5 years	–	500
Total	**500**	500

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 (continued)

for the year ended 30 September 2021

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

	2021 £'000	2020 £'000
Within 1 year or less	**1,897**	1,663

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' 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 Company holds investments totalling £7.6 million (2020: £5.7 million) in three OEICs managed by UAML, £5.0 million in the Unicorn UK Ethical Fund, £1.4 million in the Unicorn UK Growth Fund and £1.2 million in the Unicorn UK Smaller Companies Fund.

The three OEICS 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 2021, the Unicorn UK Growth Fund's portfolio contained stocks where 51.2% by value were in AIM listed stocks, and 45.2% is in fully listed stocks with an average market capitalisation of £2.7 billion; the Unicorn UK Smaller Companies Fund contained 53.8% by value on AIM and 44.4% in fully listed stocks with an average market capitalisation of £390 million; and the Unicorn UK Ethical Income Fund contained 22.2% in AIM shares and 71.2% in fully listed stocks with an average market capitalisation of £1.6 billion.

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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2021 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	360,185	–	–	360,185	N/A	N/A
Preference shares	–	337	–	337	9.25	N/A
Unicorn OEICs	7,577	–	–	7,577	N/A	N/A
Loan stocks	–	500	–	500	7.50	3.1
Cash	3	–	3,639	3,642	N/A	N/A
Debtors	437	–	–	437	N/A	N/A
Creditors	(1,897)	–	–	(1,897)	N/A	N/A
Total for financial instruments	366,305	837	3,639	370,781		
Other non financial assets	17	–	–	17		
Total net assets	366,322	837	3,639	370,798		

The interest rate profile of the Company's financial net assets at 30 September 2020 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	233,121	–	–	233,121	N/A	N/A
Preference shares	–	269	–	269	9.25	N/A
Unicorn OEICs	5,676	–	–	5,676	N/A	N/A
Loan stocks	–	500	–	500	7.50	4.1
Cash	3	–	21,384	21,387	N/A	N/A
Debtors	901	–	–	901	N/A	N/A
Creditors	(1,663)	–	–	(1,663)	N/A	N/A
Total for financial instruments	238,038	769	21,384	260,191		
Other non financial assets	15	–	–	15		
Total net assets	238,053	769	21,384	260,206		

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 (continued)

for the year ended 30 September 2021

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 69 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.

	2021 Profit and net assets	2020 Profit and net assets
If overall share prices rose/fell by 20% (2020: 20%), with all other variables held constant		
– increase/(decrease) (£'000)	**73,620/(73,620)**	47,813/(47,813)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (pence)	**49.35/(49.35)**	32.81/(32.81)
If interest rates were 1% higher/(lower) (2020: 1%), with all other variables held constant		
– increase/(decrease) (£'000)	**41/(5)**	219/(5)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (pence)	**0.03/(0.00)**	0.15/(0.00)

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 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**283,757**	–	**76,428**	**360,185**
Non-equity investments	**337**	–	–	**337**
Loan stock investments	–	–	**500**	**500**
Open ended investment companies	**7,577**	–	–	**7,577**
Total	**291,671**	–	**76,928**	**368,599**

Financial assets at fair value through profit or loss at 30 September 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	174,675	–	58,446	233,121
Non-equity investments	269	–	–	269
Loan stock investments	–	–	500	500
Open ended investment companies	5,676	–	–	5,676
Total	180,620	–	58,946	239,566

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

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

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 2020	58,446	500	58,946
Shares delisted	1,301	–	1,301
Purchases	–	–	–
Sales	(2,364)	–	(2,364)
Total gains included in gains/(losses) on investments in the Income Statement:			
– on assets sold	709	–	709
– on assets held at the year end	18,336	–	18,336
Closing balance at 30 September 2021	**76,428**	**500**	**76,928**

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

	30 September 2021 £'000	30 September 2020 £'000
Investment valuation methodology		
Cost (reviewed for impairment)	**500**	500
Net asset value	**1,364**	716
Price of recent transaction	**–**	34
Discounted price of recent transaction	**–**	57,696
Earnings multiple	**72,376**	–
Discounted equity value	**2,688**	–
	76,928	58,946

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

Details of unquoted investments are shown in the Investment Portfolio Summary on pages 15 and 16 and in the Unquoted Investments Summary on page 17.

Notes to the Financial Statements (continued)

for the year ended 30 September 2021

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 if promising opportunities are available to the Investment Manager. As stated on page 23, the Board has the power to borrow in order to add some gearing but has no current intention to do so.

19. Segmental analysis

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

20. Post balance sheet events

On 20 October 2021, Augean announced its Scheme of Arrangement became effective and Shareholders would receive 372 pence per share, payable on 3 November 2021. The Company received proceeds of £11.7 million on 3 November 2021.

On 22 November 2021, the Board declared an special interim dividend of 7.0 pence per share, which will be payable on 10 February 2022 to Shareholders on the register on 7 January 2022. This dividend will be in respect of the accounting year ending 30 September 2022.

On 2 December 2021, abrdn plc announced plans for the acquisition of Interactive Investor for a consideration of £1.49 billion. The transaction is subject to regulatory and other approvals being received. Should this acquisition be successfully concluded, the Company's holding in Interactive Investor would be valued at approximately £54.5 million against a value of £43.2 million at 30 September 2021.

21. Related party transactions

Details of the relationships between the Directors of the Company and Investee Companies are given in their biographies on pages 31 and 32.

22. Capital commitments and contingent liabilites

There were no capital commitments or contingent liabilites at 30 September 2021 (2020: nil).

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 normally announces its unaudited NAV on a monthly basis.

Dividend

The special interim dividend declared by the Board on 22 November 2021 of 7.0 pence per share, will be paid on 10 February 2022, to Shareholders on the register on 7 January 2022.

In addtion, the Directors have proposed a final dividend of 3.5 pence per share. Subject to Shareholder approval, the dividend will also be paid on 10 February 2022 to Shareholders on the Register on 7 January 2022.

The Board has previously decided the Company will in future pay all cash dividends by bank transfer rather than by cheque.

Shareholders will have the following options available for future dividends:

- Complete a bank mandate form and receive dividends via direct credit to a UK domiciled bank account.
- Reinvest the dividends for additional shares in the Company through the Dividend Reinvestment Scheme (DRIS).

For those Shareholders who previously received their dividend by cheque, and who have not provided their bank details to the Registrar, a bank mandate form will be available on the Company's website. Once completed the form should be sent to the Company's Registrars, City Partnership at the address shown on page 78. If Shareholders have any questions regarding the completion of the form they are advised to contact the City Partnership on 01484 240910 or by email: registrars@city.uk.com.

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 2021	Circulation of Annual Report for the year ended 30 September 2021 to Shareholders
7 January 2022	Record date for Shareholders to be eligible for final dividend
3 February 2022	Annual General Meeting
10 February 2022	Payment date for final dividend subject to Shareholder approval at the Annual General Meeting
31 March 2022	Half-year end
May 2022	Announcement of Half-Yearly Results
June 2022	Circulation of Half-Yearly Report for the six months ending 31 March 2022 to Shareholders
August 2022	Payment of interim dividend
30 September 2022	Year end
December 2022	Announcement of final results for the year ending 30 September 2022

Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **Shareholders wishing to sell their shares are advised to contact the Company's stockbroker, Panmure Gordon (UK) Limited, by telephoning 020 7886 2716 or 2717 before agreeing a price with their stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

Annual General Meeting

The twentieth Annual General Meeting (AGM) of the Company will be held on 3 February 2022. It is hoped that Shareholders will be able to attend this meeting in person, arrangements for the meeting are detailed on pages 35 and 36. Voting on all Resolutions will be conducted on a poll including all proxy votes submitted. The Notice of the meeting is included on pages 79 to 83 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 1 February 2022. Please note that you can vote your shares electronically at https://proxy-unicorn.cpip.io/.

Shareholder Information (continued)

The Company intends to broadcast the AGM, together with an online presentation by Chris Hutchinson from the Investment Manager and a representative of one of the portfolio companies, via Zoom. The Directors will also be in attendance during the presentation. It is anticipated that Shareholders will have an opportunity to submit questions for the Directors or Investment Manager either in advance of the presentations, by email, to unicornaimvct@iscaadmin.co.uk or on the day during the Presentation through the text facility in Zoom. To receive an invitation to join the Zoom presentation please email unicornaimvct@iscaadmin.co.uk from the email address you wish the invitation to be sent, by midday on Friday 31 January 2022.

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, The Mending Rooms, 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.

Fraud warning

The Company has become aware that a small number of its Shareholders along with shareholders of other VCTs have received unsolicited telephone calls from people purporting to act on behalf of a client who is looking to acquire their VCT shares at an attractive price. The caller often says they already have a significant holding and are trying to obtain a 51% stake in the Company. We believe these calls are part of a "Boiler Room Scam". Typically, these unsolicited calls originate from outside the UK, although a UK address may be given and a UK telephone number provided. If the Shareholder wishes to proceed, they are sent a non-disclosure agreement to sign and return. If this is returned a payment may then be requested for a bond or insurance policy.

Shareholders are warned to be very suspicious if they receive any similar type of telephone call and are strongly advised never to respond to unsolicited calls and emails from people who are not known to them.

If you have any concerns, please contact the Company Secretary, ISCA Administration Services on 01392 487056, or email unicornaimvct@iscaadmin.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.

Glossary

AIM
The Alternative Investment Market, a sub-market of the London Stock Exchange, designed to help smaller companies access capital from public markets.

Alternative performance measures
A financial measure of historical or future performance or financial position shown in the Key Performance Indicators on pages 20 and 21.

Cumulative dividends paid
The total amount of dividend distributions paid by the Company, since its merger with Unicorn AIM VCT II on 9 March 2010 and merger of all former share classes, up to the year end.

Discount
A discount to NAV is calculated by subtracting the mid-market share price from the NAV per share and is expressed as a percentage of the NAV per share.

DRIS
The Dividend Reinvestment Scheme which gives Shareholders the opportunity to reinvest future dividend payments by subscribing for additional Ordinary Shares.

DTR
The Disclosure and Transparency Rules contained within the Financial Conduct Authority's Handbook.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation. A metric used to evaluate a company's operating performance.

Fair Value
The amount for which an asset or equity instrument could be exchanged between parties. For investments traded on a Stock Exchange market this is usually the closing bid price on the balance sheet date. The fair value of unquoted investments is determined in accordance with current IPEV guidelines.

IPEV Guidelines
The International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as issued in December 2018 which set out recommendations, intended to represent current best practice, on the valuation of Private Capital Investments where they are reported at fair value by assessing different methods of valuation, such as price of recent transaction, earnings multiples, discounted cash flows and net assets.

Net Assets
The total value of all the Company’s assets, at fair value, having deducted all liabilities at their carrying value.

NAV
Total Net Assets divided by the number of shares in issue at the date of calculation and usually expressed as an amount per share.

NAV total return
Comprises the NAV per share plus the cumulative dividends paid to the year end.

Ongoing charges
The total expenses incurred in the ordinary course of the business expressed as a percentage of average Net Assets.

The ratio is 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 £0.1 million is not included in this calculation.

Qualifying investments
An investment in a company satisfying a number of conditions under the VCT legislation. Included among the many conditions are: the shares or securities in the company must have been originally issued to the VCT and held ever since, the company must be unquoted (which includes listing on AIM or the NEX exchanges), have a permanent establishment in the UK and apply the money raised for the purposes of growth and development for a qualifying trade within a specified time period. There are also restrictions relating to the size and stage of the company as well as maximum investment limits.

VCT
A Venture Capital Trust as defined in the Income Tax Act 2007.

VCT Value
The value of an investment when acquired, rebased if the holding is added to which causes an increase or decrease in its value.

80% test
The requirement for the Company to hold a minimum of 80% of its total assets, by VCT value, in qualifying holdings.

Summary of VCT Regulations

To assist Shareholders, the following is a summary of the most important rules and regulations that determine VCT approval.

To maintain its status as a VCT, the Company must meet a number of conditions, the most important of which are that:

- for accounting periods beginning on or after 6 April 2019 the Company must hold at least 80%, by VCT tax value*, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- all qualifying investments made by VCTs on or after 6 April 2018, together with qualifying investments made by funds raised on or after 6 April 2011, are in aggregate required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules) to dividends or return of capital and no rights to redemption;
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- the Company's shares must be listed on a regulated European stock market;
- non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity; and
- VCTs are required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period.

Since 6 April 2019:

- the period for reinvestment of proceeds on disposal of qualifying investments increased from 6 to 12 months.

To be a VCT qualifying holding, new investments must be in companies:

- which carry on a qualifying trade;
- which have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately following investment from VCTs;
- whose maximum age is generally up to seven years (ten years for knowledge intensive businesses);
- that receive no more than an annual limit of £5 million and a lifetime limit of £12 million (for knowledge intensive companies the annual limit is £10 million and the lifetime limit is £20 million), from VCTs and similar sources of State Aided funding;
- that use the funds received from VCTs for growth and development purposes.

In addition, VCTs may not:

- offer secured loans to investee companies, and any returns on loan capital above 10% must represent no more than a commercial return on the principal; and
- make investments that do not meet the new 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is a genuine risk of loss of capital).

* VCT tax value means as valued in accordance with prevailing VCT legislation. The value of an investment when acquired, rebased if the holding is added to at a different price, which causes an increase or decrease in its valuation. This may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 10 to 16.

Corporate Information

Directors (all non-executive)
Tim Woodcock (Chairman)
Charlotta Ginman
Jeremy Hamer
Jocelin Harris

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

VCT Tax Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

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

Auditor
BDO LLP
55 Baker Street
London W1U 7EU

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

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

Registrar
The City Partnership (UK) Limited
The Mending Rooms
Park Valley House
Meltham Road
Huddersfield HD4 7BH

Solicitors
Shakespeare Martineau LLP
No 1 Colmore Square
Birmingham B4 6AA

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the twentieth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Thursday, 3 February 2022 at The Great Chamber, The Charterhouse, Charterhouse Square, London EC1M 6AN for the purposes of considering the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions. The rationale for the re-election of each Director is given on pages 31 and 32.

As previously stated, although at the time of writing it is intended that Shareholders will be permitted to attend this meeting in person all resolutions will be decided on by a Poll and Shareholders are encouraged to vote using their proxy card or online.

1. To receive and adopt the audited Annual Report and Accounts of the Company for the year ended 30 September 2021 ("Annual Report"), together with the Directors' Report and Auditor's report thereon.

2. To approve the Directors' Remuneration Report as set out in the Annual Report.

3. To re-appoint BDO LLP of 55 Baker Street, London W1U 7EU as Auditor to the Company until the conclusion of the next Annual General Meeting.

4. To authorise the Directors to determine BDO LLP's remuneration as Auditor to the Company.

5. To re-elect Tim Woodcock as a Director of the Company.

6. To re-elect Charlotta Ginman as a Director of the Company.

7. To re-elect Jeremy Hamer as a Director of the Company.

8. To re-elect Jocelin Harris as a Director of the Company.

9. To approve the payment of a final dividend in respect of the year ended 30 September 2021 of 3.5 pence per ordinary share of 1p each, payable on 10 February 2022 to Shareholders on the register on 7 January 2022.

10. 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 £447,555, 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 2023, 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 10 had not expired.

11. That, subject to the passing of Resolution 10 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 10 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, £298,370 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 £149,185, 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 2023, 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.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

Notice of the Annual General Meeting (continued)

12. 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 22,362,849 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 2023; 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

ISCA Administration Services Limited
Company Secretary

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

7 December 2021

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

Notice of the Annual General Meeting (continued)

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.

(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 i.e. 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 administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to it 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, The Mending Rooms, Park Valley House, Meltham Road, Huddersfield HD4 7BH, so as to be received not later than 11.30am on Tuesday, 1 February 2022 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, The Mending Rooms, Park Valley House, 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, subject to the stated attendance restrictions, 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.

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Notice of the Annual General Meeting (continued)

(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 8RA57) by 11.30am on Tuesday, 1 February 2022. 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/her 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 6 December 2021 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 149,185,118 ordinary shares of 1p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 6 December 2021 was 149,185,118.

(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.

(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.

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Notice of the Annual General Meeting (continued)

(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 6 December 2021 (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.

Notes

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