

Annual Report

For the year ended 30 September 2022



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Financial Highlights

for the year ended 30 September 2022

- Special interim dividends of 7.0 pence per share and 32.0 pence per share paid during the year.
- Net Asset Value (“NAV”) total return for the year ended 30 September 2022, after adding back dividends of 45.5 pence per share paid in the year, fell by 27.5%.
- Offer for Subscription raised £24.4 million (after costs).
- Final dividend of 3.5 pence per share proposed for the financial year ended 30 September 2022.
- New Offer for Subscription announced to raise up to £15 million.

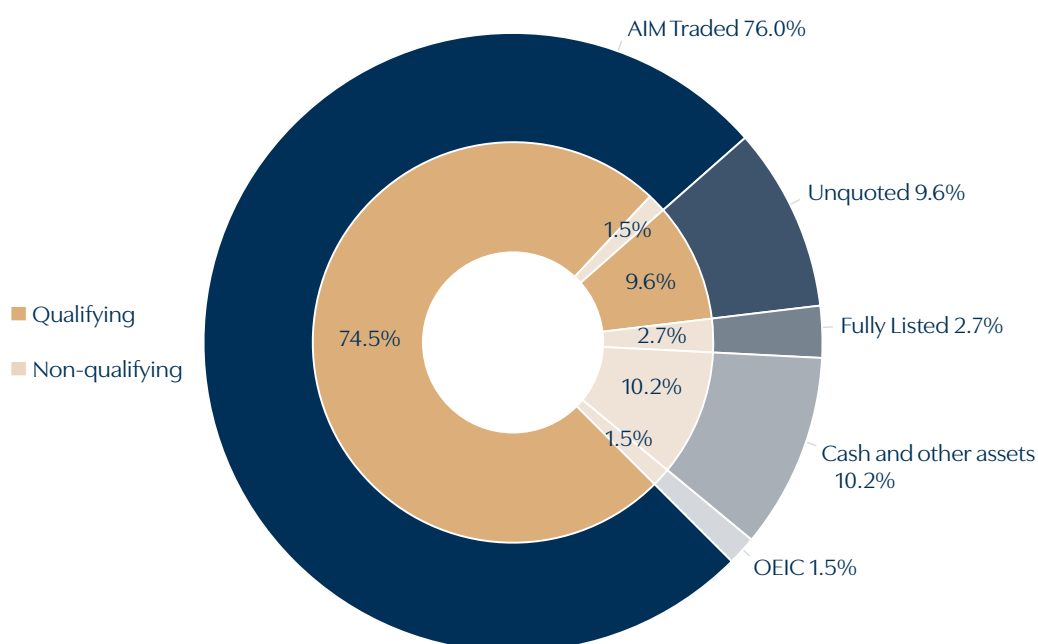
Fund Performance

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 2022	221.1	134.8	104.0	238.8	126.5
31 March 2022	315.3	195.7	69.0	264.7	167.0
30 September 2021	370.8	248.6	58.5	307.1	219.0
31 March 2021	346.3	232.1	55.5	287.6	198.0

* Shareholders' funds/net assets as shown on the Statement of Financial Position on page 65.

† The Board has recommended a final dividend of 3.5 pence per share for the year ended 30 September 2022 bringing total dividends for the year to 45.5 pence per share. If approved by Shareholders, this payment will bring total dividends paid in the last ten years from 30 September 2012 to 107.5 pence per share.

Percentage of Assets Held as at 30 September 2022



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 10 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.

Chair's Statement

I am pleased to present the Company's Annual Report and Audited Financial Statements for the year ended 30 September 2022.

Introduction

The financial year ended 30 September 2022 has been a challenging period for the Company. Mounting economic pressures and significant political upheaval have combined to create a highly volatile investment environment. This has resulted in poor performance from UK and global equity markets in general, and from smaller, quoted companies in particular.

Many smaller, listed businesses have commanded a valuation premium in recent years, which has largely been predicated upon the belief that they will, in time, deliver materially stronger earnings growth than their larger quoted peers. However, the global economic and political landscape has changed dramatically during the past twelve months, and this has triggered a general re-appraisal of investment risk. In the UK, this process has resulted in investment being withdrawn from smaller, less-liquid businesses and directed instead towards larger, more liquid quoted companies. Inevitably, this shift in focus has led to a significant decline in the overall valuation of the Alternative Investment Market ("AIM"), which in turn, has also had a materially negative impact on the value of the Company's portfolio.

Economic & Market Review

Economic growth in the UK has been weak for several years and we are now entering a period of economic recession. The period under review was problematic for many reasons, including the return of inflation, the outbreak of a major conflict in Eastern Europe, a growing energy crisis, serious issues in the global supply of key goods and materials and political instability in the UK. Each of these factors in isolation would have a negative impact on economic growth but, taken together, a painful downturn seems inevitable.

Consumer spending, upon which much of Britain's economic growth is based, has already been badly affected as people struggle to cope with rapidly rising, food, energy and mortgage costs. The challenges ahead remain significant, and will become even more serious than they are currently. Sadly, it is difficult to identify any obvious and imminent solutions to the problems we all now face.

Global equity markets have not been immune to the effects of global and domestic upheaval and, as is often the case, it has been the smaller, earlier stage listed businesses that have suffered the most. During the period under review, the FTSE AIM All-Share Index fell by 34.3% after reaching a 20 year high on 3 September 2021.

Although certain sectors of the equity market, notably biotechnology and life sciences, had begun a process of derating during the first half of 2021, the world's leading equity markets remained resilient until December last year. However, as 2022 began, major events such as the Russian invasion of Ukraine, disruption to supply chains around the world, the global energy crisis, and political turmoil in the UK, all contributed to the rapid increase in the rate of inflation, while simultaneously reducing the prospect of a sustained, post-Covid economic recovery.

The re-emergence of inflation; after more than a decade of 'cheap' money, has understandably led to a marked shift in investor attitudes. Investors have become increasingly risk averse and, when this happens, capital tends to flow toward areas of the equity market that appear to offer greater protection from capital loss. Consequently, sectors such as Oil & Gas, Mining and Commodities have all delivered strong relative outperformance during the year, while the valuations of companies operating in higher growth areas such as consumer retail, information technology, biotechnology and life sciences have all been under severe pressure.

Net Assets

As at 30 September 2022, the audited net assets of the Company were £221.1 million. This represents a decline of £149.7 million over the course of the financial year under review.

The major factors impacting net assets were as follows:

- Net losses of the investment portfolio of £100.9 million.
- A return of capital to Shareholders by way of ordinary and special dividends of £71.7 million.
- Buybacks of £4.4 million.
- An increase in assets of £24.4 million following the capital raise in March 2022.

After adding back all dividends paid, the total return per share in the period was -27.5%.

Investment Performance Review

The decline in Net Asset Value experienced during the period under review has been significant and is in stark contrast to the positive outcome delivered in the previous financial year. Although this year's 27.5% decline in the Net Asset Value is a disappointing outcome, it is less severe than the decline registered by the FTSE AIM All-Share Index of -34.3%.

The companies held in the portfolio are largely well-funded. The portfolio consists of 85 active VCT qualifying companies, of which 44 had a carrying value in excess of £500,000 at the financial

Chair's Statement (continued)

year end. The value of these 44 companies represents circa 82% of the VCT's total Net Asset Value as at 30 September 2022. The Investment Manager estimates that approximately 43% of these 44 companies are profitable, a further 14% are funded through to profitability based on broker cashflow forecasts, while 20% continue to operate with a 'cash runway' of at least two years duration. Of the remaining 23%, the Investment Manager believes that they will require future external funding.

The investment portfolio is highly diversified both by the number of holdings and by sector exposure. Many of the Company's longer-standing investments are in established, profitable and cash generative businesses that sell highly specialised products and services for which there is continuing demand. These businesses typically operate with strong balance sheets and are often free of debt.

The long-established and consistently profitable businesses held within the investment portfolio have been more resilient than our earlier-stage investee companies, which tend to be loss-making and therefore often require to raise more capital. This combination of mature, profitable, cash generative businesses and younger companies in the early stages of their development provides a good balance between risk and reward. In favourable market conditions it is reasonable to anticipate strong returns from those businesses that are in the scale-up phase of their development, while it is logical that investment in profitable, established businesses offers a degree of defensive protection in more volatile market conditions.

Portfolio Activity

Given the circumstances, the year under review was subdued in terms of investment in new qualifying investments. During the period, two new VCT qualifying investments were made, at a total cost of £4.9 million. In addition, a further £4.9 million of VCT qualifying capital was invested in six existing portfolio companies, to support their growth.

No non-qualifying investments were made during the financial year.

A number of full and partial disposals were also made during the course of the financial year. Total proceeds from disposals of qualifying investments amounted to £20.2 million, realising an overall capital profit over the original cost of £18.5 million. There were also a number of full and partial disposals of non-qualifying investments during the period. The amount realised from all these non-qualifying transactions was £58.8 million and the overall capital profit over the original cost amounted in aggregate to £47.8 million.

A more detailed analysis of investment activity and performance can be found in the Investment Manager's Review on pages 5 to 10.

Dividends

A special interim dividend of 7.0 pence per share was paid in February 2022 at the same time as the final dividend of 3.50 pence per share for the year ended 30 September 2021.

An interim dividend of 3.0 pence per share, for the half year ended 31 March 2022, was paid to Shareholders on 11 August 2022 together with a special interim dividend of 32.0 pence per share.

Details of the special interim dividends are given on pages 8 and 40.

Despite the market difficulties and the resulting decline in the Company's net assets, the Board is pleased to recommend to Shareholders a final dividend of 3.5 pence per share for the financial year ended 30 September 2022. This dividend, if approved at the Company's forthcoming AGM, will be payable on 14 February 2023 to Shareholders on the register as at 6 January 2023.

Total dividends in respect of the financial year ended 30 September 2022, are therefore expected to be 45.5 pence per share.

The Board is pleased to have delivered a significant return of cash, which is tax-free to eligible UK Shareholders. However, it is important to note that payments to Shareholders by way of special dividends are unusual, unpredictable and dependent upon the realisation of significant capital gains from the disposal of successful individual investments.

Share Buybacks & Share Issues

The Board continues to believe that it is in the best interests of the Company and its Shareholders to make market purchases of its shares from time to time. Between 1 October 2021 and 30 September 2022, the Company bought back 2,515,309 of its own Ordinary Shares for cancellation, being 1.7% of the opening share capital, at an average price of 176.5 pence per share (including costs) and an average discount from net asset value of 13.4%.

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

An Offer for Subscription was launched on 24 January 2022. The Offer was again strongly supported and closed, fully subscribed, on 8 February 2022. The total raised, net of all costs, was £24.4 million and resulted in the issue of 12.6 million new shares. On behalf of the Board, I would like to welcome all new Shareholders and to thank existing Shareholders for their continued support. As at 30 September 2022, there were 164,023,203 Ordinary Shares in issue.

New Offer

On 8 December 2022, the Company announced its intention to launch an Offer for Subscription to raise up to £15 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 2023.

Chair's Statement (continued)

VCT Status

There were no changes to VCT legislation during the year.

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

One of the key tests, from accounting periods commencing after 5 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, Unicorn AIM VCT's qualifying percentage was 98.7% of total assets as of 30 September 2022. The Board has been advised by its VCT status adviser, PWC, that the Company continues to maintain its Venture Capital Trust status. It will, of course, remain a key priority of the Board to ensure that the Company retains this VCT status.

Under existing legislation the tax benefits enjoyed by VCTs are due to expire in April 2025. We are delighted that the Government has stated that it plans to legislate to extend these benefits beyond that date.

ESG Policy

Whilst this is not a 'sustainable' fund, the Board expects the Investment Manager to invest in line with its ESG principles. Further we support the Investment Manager in developing a dialogue with our investee companies that will increasingly result in transparent and comprehensive ESG reporting on the one hand, and developing sound environmental, social and governance strategies on the other. Considerable progress has been achieved by the Investment Manager in this area during the last financial year.

The Board continues to take steps to reduce paper use (previously withdrawing the dividend cheque service and the printing of the Half-Yearly Report) and continues to encourage service providers to do the same. During the year our Investment Manager has migrated to fully renewable energy suppliers and initiated its own carbon offset programme through tree planting.

The Board continues to adopt best practice in good governance in line with AIC guidelines.

Annual General Meeting

I would like to take this opportunity to thank all Shareholders for their continued support of the Company and to invite you to attend the Company's Annual General Meeting, which is to be held on 7 February 2023. Full details of the AGM including location, timing, and the business to be conducted, are given in the Notice of the Meeting on page 91. Shareholders' views are important, and the Board therefore encourages all Shareholders

to vote on the resolutions within the Notice of Annual General Meeting on page 91 using the proxy form, or electronically at www.unicornaimvct.co.uk. The Board has carefully considered the business to be submitted to Shareholders for approval at the AGM and recommends that Shareholders vote in favour of all the resolutions being proposed.

Board Changes

As reported on page 40, Jocelin Harris will not seek re-election at the AGM and will therefore step down as a Director of the Company. The Board wishes to thank Jocelin for his long and diligent service over the last 17 years and wishes him well for the future. Josie Tubbs joined the Board on 24 May 2022 and I would like to welcome her to the Board.

Outlook

The year under review has been a particularly challenging one for equity markets and for the Company itself. In absolute return terms, this has been both painful and disappointing for all concerned. However, the Company has performed with greater resilience than the equity market with which it is most closely aligned, the Alternative Investment Market.

At the time of writing, the short-term outlook remains weak. The considerable turmoil experienced during the period under review has eroded market confidence and weakened the prospects of a rapid and sustainable economic recovery. It is therefore prudent to anticipate that, while high levels of political instability and economic uncertainty persist, it is likely that the Company's NAV performance will remain under pressure.

Financial markets continue to experience bouts of extreme volatility, and consequently, the Company continues to hold higher than usual levels of liquidity. At approximately £21.9 million, the amount of net cash currently held is more than would be expected in more stable conditions. This provides a measure of protection against the effects of a falling market and keeps capital available for deployment by the Investment Manager when the economy improves and confidence returns.

Our Investment Manager is confident that, once economic and political stability return, the FTSE AIM All-Share Index and the Company's carefully selected portfolio of investments will recover in value. The Investment Manager continues to nurture the promising portfolio of existing investments, and the Board is confident that most of the investee companies can withstand an extended period of economic hardship, and, in many cases, have the potential to become valuable businesses within the next 5-10 years.

Tim Woodcock

Chair

13 December 2022

Investment Manager's Review

Introduction

The financial year ended 30 September 2022 was an extremely challenging period for the Company.

In response to multiple threats to global economic growth, investor sentiment weakened significantly throughout the year under review. This steady erosion of confidence in the economic outlook, exacerbated by the emergence of serious inflationary pressures, saw both Bond and Equity markets suffer significant declines during the period.

In the US, the Dow Jones and the S&P 500 Indices both fell by over 13% in the twelve months to 30 September 2022, while the technology and growth focused Nasdaq Index declined by 26% over the same period. Stock market indices in Japan, Europe and in emerging markets such as China and India, also recorded heavy losses. Unusually, government bonds have simultaneously also been under severe pressure, with most fixed income indices experiencing significant declines during the period.

At first glance, it might appear that the UK stock market somehow managed to escape the wider equity market sell-off, because the FTSE 100 Index recorded a marginally positive total return of 0.9% in the year ended 30 September 2022. However, the performance of the FTSE 100 Index is misleading, given its significant weighting in sectors such as Oil & Gas, Mining and Banking, all of which have been beneficiaries of inflation and/or rising interest rates and the weak pound.

Unfortunately, it was a very different story for the many hundreds of smaller listed businesses, whose valuations have, in many cases, been decimated as investors increasingly sought the perceived safety of larger, more liquid investments.

The FTSE AIM All-Share Index was particularly negatively impacted, with its total return for the period being -34.3%.

In the context of a complex economic, financially challenging, and politically turbulent landscape, it is unsurprising that the Company also endured a significant decline in Net Asset Value per share during the period. Indeed, the financial year under review represents one of the most difficult periods the Company has faced in the 21 years since its launch in 2001.

Net Asset Performance

The decline in total Net Assets per share during the financial year was disappointing and painful.

As noted in the Chair's Statement the total return per share in the period under review was, after adding back all dividends paid, -27.5%.

It is disheartening to have to report on a negative year for the Company, and there is only slim comfort to be derived from the

fact that the returns recorded by the FTSE AIM All-Share Index were somewhat worse.

As at 30 September 2022, the audited net assets of the Company amounted to £221.1 million, which equates to a reduction in total assets of £149.7 million during the twelve months. Of this decline £71.7 million was due to the dividend payments made during the period. A large portion of this dividend return was in the form of one-off special interim dividends, made possible by the realisation of our highly successful investments in Augean and Interactive Investor ("ii") as stated on page 9.

The weakness of equity markets during the year meant that most companies in the portfolio lost considerable value which inevitably led to a big reduction in the value of the Company's portfolio. This reduction in Net Assets was partially offset by a limited number of positive returns from investee companies and also thanks to the proceeds received from a fully subscribed Offer for Subscription during the first quarter of 2022. In the circumstances, it is particularly gratifying that this Offer for Subscription was strongly supported, having closed in February 2022 after quickly reaching full subscription. Given the difficult market conditions, we have been cautious in deploying this new capital. Until such time as the investment environment shows signs of improvement, this highly selective and cautious approach to deploying your capital will be maintained.

Performance Review

The period under review witnessed a significant reversal of fortunes for many sectors of the equity market. Listed businesses operating in high growth areas such as Biotech, Life Sciences, Software and Technology all suffered dramatic falls in value, as investors lost confidence in their ability to deliver the high levels of forecasted growth required to sustain their previously lofty valuations.

In recent years, the managers of VCT portfolios have been required by VCT legislation to ensure that all new qualifying investments are directed toward early-stage, scale-up businesses. Such businesses typically operate in the sectors described above. Unfortunately, they have therefore been particularly badly affected by the market falls experienced over the past 12 months.

The investment portfolio remains diversified both by number of holdings and by sector exposure. At the financial year end, the Company held investments in 85 active VCT qualifying companies and 8 non-qualifying companies.

These investments are spread across 25 different sectors.

A review of the most meaningful contributors to performance from VCT qualifying companies (both positive and negative) follows.

Investment Manager's Review (continued)

Largest Detractors

Hasgrove (8.6% of net assets, -£10.2 million) is an unquoted holding company, whose only operating subsidiary, Interact, is a fast-growing Software as a Service (SaaS) provider of corporate intranet solutions. In the first eight months of its current financial year Hasgrove's revenues increased to £18.4 million which represents growth of 25% when compared to the prior year period. Profitability also increased significantly, with EBITDA growing by £1.3m to £6.5 million. New business wins in North America have continued to be the primary driver of growth, with high profile customers increasingly attracted by the numerous benefits offered by Interact's market leading internal communications software. Perhaps most notably, Interact recently secured a two-and-a-half-year contract with the US House of Representatives, which acts as a strong endorsement for the high levels of functionality and security offered by the platform. Despite healthy operational and financial progress, the carrying value of the Company's investment in Hasgrove was marked down in the period under review. This decrease in value reflects the downward pressure on valuation multiples experienced by comparable software companies that are listed on the public markets. As at 30 September 2022, the Fair Value of the Company's holding in Hasgrove was assessed as being £18.9 million, which represents a decrease of £10.2 million when compared to the previous financial year end.

MaxCyte (6.3% of net assets, -£8.2 million) is a leading cell-engineering company focused on providing a unique and patented cell engineering platform to advance innovative research into the treatment of cancer. At the end of August 2022, MaxCyte released half-year results for the period ended 30 June 2022, which reported on encouraging growth across all areas of its operations. Revenues generated from new cell therapy customer licensing deals were particularly notable. MaxCyte has now signed 17 Strategic Platform Licenses, which includes two major new licences with LG Chem and Intima Biosciences. Other areas of progress include a strengthening of the senior management team and the completion of new headquarters, which has resulted in a threefold increase in manufacturing capacity. From a financial perspective, MaxCyte remains well-resourced with cash or cash equivalents of over \$240 million on the balance sheet as at 30 June 2022. For its financial year ending 31 December 2022, MaxCyte's revenues are expected to grow by more than 30% when compared to the prior financial year. Despite achieving further significant operational progress, while retaining a strong financial base, MaxCyte's share price has nonetheless suffered badly during the period under review as the Biotechnology and Life Sciences sectors experienced a savage derating.

Renalytix (0.3% of net assets, -£7.6 million) is a business focused on harnessing the power of artificial intelligence to enable early detection of kidney disease. To date, thirty-three State Medicaid programmes in the US have contracted to use Renalytix's technology. The company's commercial focus for the remainder of 2022 is to expand the availability of its core KidneyIntelX software, into other health system partnerships across the

United States. However, despite strong progress in signing new contracts, translating this into regular revenue generating orders for KidneyIntelX has proved elusive. The reasons for the delay in generating meaningful revenues appear to be procedural rather than structural and the company is working hard to reduce bureaucratic hurdles between the signing of contracts and the implementation of KidneyIntelX tests. There are several potential catalysts that could materially increase the pace of testing including; adoption of the tests by new Health Systems, full FDA approval, the release of further data confirming clinical utility data and the signing of strategic partnerships.

In April 2022, Renalytix raised \$26.8 million in further funding via a convertible bond issue and the management team is now actively looking at the cost base in order to reduce monthly cash burn. However, as a result of the disappointing delay to the commercialisation of KidneyIntelX, the share price has experienced a dramatic fall in the period under review.

Surface Transforms (3.1% of net assets, -£4.6 million) is a manufacturer of carbon fibre ceramic brake discs for the automotive industry. Surface Transforms has continued to achieve its objectives over the past twelve months, growing revenues through multi-year contracts, delivering on plans to secure new and high-profile customers and significantly expanding the total order book to almost £200 million. Importantly, Surface Transforms has also successfully raised a further £16 million of new capital, which will help fund required capacity expansion. With significant contracts and necessary funding now in place, the company's management team can focus on the fulfilment of existing orders. Subject to the successful delivery of existing contracts, the expectation is that the business becomes profitable and self-sustaining from a cashflow perspective during 2023. The disappointing share price decline therefore reflects the general decline in the value of AIM-listed stocks, rather than being caused by any operational or financial disappointments during the period.

Tristel (2.3% of net assets, -£4.7 million) is a manufacturer of infection-prevention products, which help to prevent the transmission of microbe infections using proprietary chemistry based on chlorine dioxide. With hospitals gradually returning to normal levels of service post the COVID crisis, Tristel is set to benefit from an increasing sales volume. It recorded revenues of £31.1 million in its financial year ended 30 June 2022, while profitability declined against the prior year by 16% to £4.5 million. The decline in profitability was in line with management forecasts and is accounted for by a period of destocking in the NHS following the COVID pandemic, which had caused surgical procedures to be put on hold. Tristel remains a highly cash generative business and held net cash balances of £8.9 million at its financial year end on 30 June 2022. Subject to receiving FDA approval, Tristel intends to launch its growing range of infection prevention products in the US market during 2023. If successful, this new area of activity could transform the growth prospects of the business.

Investment Manager's Review (continued)

Access Intelligence (2.8% of net assets, -£3.5 million) operates a Software as a Service (SaaS) business model focused on providing senior management teams with the tools necessary to enable them to control and manage the reputations of the businesses they lead. Throughout the financial year to the end of November 2022, Access Intelligence has continued to accelerate the development of its product offering and to extend its global footprint. Most recently, the acquisition of Isentia has provided Access Intelligence with a significant opportunity to expand in the Asia Pacific region. However, with an increasingly difficult economic backdrop to contend with, the market has taken a cautious view on the short-term growth prospects for the business and, as a result, its share price has been weak.

Directa Plus (2.0% of net assets, -£3.3 million) is a leading producer and supplier of graphene-based products for use in consumer and industrial markets. In its most recent half-year period ended 30 June 2022, Directa Plus delivered revenues of €5.5 million, which represents growth of 39% on the equivalent half year period in 2021. The business continues to develop and deliver market leading products in three key business verticals; Industrial, Environmental Remediation and Textiles and its management remains confident of delivering further growth in revenues in the second half of the financial year, despite the uncertainty surrounding the macro-economic outlook.

Trackwise Designs (0.0% of net assets, -£3.4 million) is a manufacturer and distributor of electronic components, designing printed circuit technology for a range of telecommunications, aviation, automotive, and defence applications. In September 2022, Trackwise Designs announced that it expected to deliver significantly lower production volumes in its current financial year, compared to previous estimates. It is also highly likely that the company will require additional funding in order to complete the development of a new manufacturing facility. The company's share price has suffered accordingly, and the management team is now actively exploring possible strategic partnerships in order to support the future development and growth of the business.

Trellus Health (0.2% of net assets, -£3.3 million) is a wellness and fitness services company that provides a care platform for the management of complex medical conditions. In early 2022, Trellus Health successfully launched its Direct-to-Consumer offering in the New York tri-state area, which led to accelerated commercial progress. During 2022, Trellus Health also advanced the launch of its product to tackle irritable bowel syndrome, offering a comprehensive gastrointestinal solution ahead of original expectations. The business continues to receive increasing interest from pharmaceutical companies, as well as prospective B2B2C insurance partners that would potentially allow it to become part of their offered health plans. Despite this positive progress, Trellus Health remains some way from achieving sustainable profitability. As a result, the share price has remained under pressure and the management team has begun to implement cost savings to reduce the company's cash-burn rate.

Anpario (3.5% of net assets, -£3.2 million) is an international manufacturer and distributor of natural feed additives for animal health, nutrition, and biosecurity. Anpario reported a slight decline of -3% in adjusted earnings per share during the first half of its financial year ended 30 June 2022. This modest decline in profitability was due to a significant increase in the price of raw materials, together with increased shipping costs for both raw materials and finished goods. Management has put prices up across Anpario's product range and customers have accepted these price increases, which has helped to mitigate the impact of inflationary cost pressures. Anpario's customers in the farming industry are also under strain given the current economic environment but, given the key health and growth benefits offered by Anpario's natural feed additives, an increased cost in this area should be justifiable. Anpario's management team remains cautious in their outlook for profitability for the full financial year due to the uncertain macro-economic outlook, but the business itself remains in sound financial health with no debt, significant levels of cash and with healthy profit margins that are expected to improve further as recently introduced price rises work through the order book.

The British Honey Company (British Honey) (0.0% of net assets, -£3.2 million) is a UK based producer of spirits, honey and jams. The company began trading in 2014, initially focused on honey production and subsequently expanding into honey infused spirits. In February 2021, British Honey completed the acquisition of Union Distillers Limited, which is a Leicestershire based independent producer and distributor of spirits, for £10 million in an effort to build scale in the craft spirit market. In June 2022 however, the business was forced to suspend its shares, because its auditors required additional time to complete and reconcile an inventory stock-take. A subsequent update in August 2022 reported that the company was experiencing more difficult trading conditions due to the challenging consumer environment, exacerbated by further supply chain disruption and raw material cost inflation. As a result, the Investment Manager took the decision to write down the holding in British Honey to nil value. This cautious approach reflects our concern about the business' ongoing viability. Following the end of the period under review, the board of British Honey announced that it was undertaking a strategic review and placing the business into a formal sale process. British Honey remains debt free and while it has been a disappointing investment, we remain cautiously optimistic that the board of British Honey can, and must, recover some value for its long-suffering shareholders, albeit that the timing and quantum of any value recovery remains uncertain.

Largest Contributors

Aurigo International (1.5% of net assets, +£0.3 million) is a leading international provider of transport technology solutions and is highly regarded as a developer of specialised autonomous and semi-autonomous vehicles. Aurigo's patented products and services tackle the complex issues that the global aviation industry faces. On 15 September 2022, Aurigo International listed on AIM

Investment Manager's Review (continued)

and successfully raised gross proceeds of £8 million at a price of 48p per share and a market capitalisation of approximately £20 million. The Company invested £3 million in the initial public offering. The public listing and the injection of substantial new capital will help Aurigo to further develop and commercialise autonomous vehicles for use in ground handling at airports around the world.

Gama Aviation (0.1% of net assets, +£0.1 million) offers fleet management services to business jet owners, often managing all aspects of running and maintaining an aircraft on behalf of its owner. Gama provides services to multiple sectors such as, special mission, technology, outsourcing and business aviation. In its interim results, which were announced during September 2022, Gama Aviation reported strong revenue growth of 30% to \$139.3 million and a return to profitability, despite the turbulent macro-economic conditions. While business jet aviation activity is expected to continue to recover, Gama Aviation's management team remains cautious about future growth, given inflationary cost pressures and global economic instability.

Augean (+£0.1 million) is a leading UK provider of sustainable waste recycling, recovery, treatment and disposal services. The group operates in the hazardous waste management sector, oil and gas industry, and nuclear and radioactive industry. At the beginning of 2022, long-term investors in the waste management sector, Ancala Partners and Fiera Infrastructure, successfully completed their acquisition of Augean for £390 million, which realised a capital profit of more than £10 million on the Company's investment. Following this, the Board declared a special interim dividend of 7.0 pence per share, which was paid on 10 February 2022.

Interactive Investor ("ii") (+£11.8 million) is an award-winning online investment platform which, in recent years, has grown substantially through a combination of organic and acquisitive growth. ii is now the largest "flat-fee" investment platform in the UK with over £50 billion of assets under administration and over 400,000 customers. ii was founded over twenty-five years ago as a digital retail investing information service and continued to evolve slowly until a new Chief Executive was appointed in 2017. The Company first acquired shares in ii in November 2013, buying a stake in what was then a small private company with a sub-scale customer base and a little known brand name. However, the new CEO came with a clear vision to create an innovative, user-friendly investment platform that would be best in class in terms of information and functionality, thereby properly meeting the needs of its retail customers.

Between 2017 and 2021, ii delivered rapid and sustained organic growth, which was augmented through the acquisition and successful integration of four competitors in the mid-size, UK

investment platform market. The largest of these acquisitions were TD Waterhouse and Alliance Trust Savings, each of which helped ii to achieve critical mass in terms of its active customer base. As a result, ii rapidly achieved healthy and growing levels of profitability, while also becoming highly cash generative. In December 2021, the Board of ii agreed to a cash offer from abrdn plc, for a price approaching £1.5 billion. Following approval from the Financial Conduct Authority and other regulatory bodies, the sale to abrdn was completed in May 2022. Total cash proceeds of approximately £55 million were received for the Company's shares in ii, which represents a capital gain of more than £51 million on our total investment cost and equates to a fifteen-fold return on investment. As a result of this exceptionally successful outcome and, taking into consideration the cash already held on the Company's Balance Sheet, your Board resolved to distribute the entire realised gain of £51.6 million to Shareholders by way of a special interim dividend of 32.0 pence per share. This was paid to Shareholders on 11 August 2022. We are delighted with this positive result as it further endorses our long-term approach to investment, while also returning significant value to Shareholders in the form of tax-free dividends. Such events, albeit rare, also demonstrate that the Venture Capital Trust structure is an ideal one for investing in small, early-stage, high growth businesses. With the benefit of appropriate levels of funding, advice and encouragement a number of the investee companies held in the portfolio already have the potential to follow the same development path as ii, and over time, create further significant value for Shareholders.

Non-Qualifying Investments

The non-qualifying investments made by the Company are typically in larger, more liquid quoted companies that are listed on the FTSE 350 Index. Non-qualifying investments are normally held in the portfolio in lieu of cash, to generate additional dividend income for future distribution to Shareholders, while awaiting suitable VCT qualifying investment opportunities. In the main, these investments performed satisfactorily during the period under review.

Offer for Subscription

The fully subscribed Offer for Subscription that closed in February 2022, was a welcome endorsement, in challenging times, of the Company's long-term strategy. The new funds raised will enable us to continue the established and successful strategy of selectively growing the existing portfolio of investments, while continuing to provide much needed capital to emerging 'scale-up' businesses. The deployment of capital into new investment opportunities will continue to be rigorously controlled, especially in view of the difficult investment landscape.

Investment Manager's Review (continued)

Investment Activity

In terms of investment activity, the number and quality of available VCT qualifying investment opportunities examined during the period was much lower than in previous years. As a result, just two investments were completed in new VCT Qualifying companies in the financial year.

In addition, six follow-on investments were completed in companies already held in the portfolio. In total, just under £9.8 million of capital was committed to these eight investments.

As highlighted in the table below, the investments made during the financial year failed to deliver a positive contribution to overall performance. Clearly, this is a disappointing outcome, but, with the exception of British Honey, as discussed on page 7, it is more a function of equity market weakness than because any of these investee companies under-achieved from an operational or financial perspective.

	Trade Date	Cost £	Value at 30 September 2022 £	Profit/Loss £	Return %
NEW INVESTEE COMPANIES					
Gelion	30 November 2021	1,900,000	982,759	(917,241)	(48.3)
Aurrigo International	14 September 2022	3,000,000	3,312,500	312,500	10.4
Total		4,900,000	4,295,259	(604,741)	(12.3)
FOLLOW ON INVESTMENTS					
Feedback	30 November 2021	2,000,000	1,571,429	(428,571)	(21.4)
Directa Plus	29 December 2021	810,000	405,000	(405,000)	(50.0)
Verici DX	11 March 2022	1,225,000	490,000	(735,000)	(60.0)
British Honey Company	28 March 2022	100,000	–	(100,000)	(100.0)
Destiny Pharma	29 March 2022	500,000	340,000	(160,000)	(32.0)
Arecor Therapeutics	3 August 2022	277,899	222,319	(55,580)	(20.0)
Total		4,912,899	3,028,748	(1,884,151)	(38.4)

Although we remain confident that most of these new investments retain the potential to generate significant capital growth in future years, it is nonetheless disappointing that most of them have struggled to generate positive returns in the period since capital support was initially provided.

However, because of the strict rules surrounding Venture Capital Trusts, we are required to invest in businesses that are typically at a very early stage in their development. The rules, which we believe are justified, do however increase the risk of incurring capital losses, especially given that progress towards sustainable and growing profitability is rarely straightforward. In testing macro-economic conditions, such as those currently being experienced, it is unsurprising that the new investments have struggled to perform in share price terms.

We will continue to adopt a prudent approach to committing capital to new investment opportunities during the current financial year.

Realisations

In aggregate, £79.0 million was raised from the full and partial disposal of holdings during the period.

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 exits were completed during the financial year; Augean and Interactive Investor, each of which received recommended bids from trade buyers. The net proceeds from these realisations amounted to £66.9 million, realising an aggregate capital gain on investment cost of £61.9 million over the life of the holdings. As a result, the Board was able to propose the payment of two special interim dividends, which were distributed to Shareholders in February and August 2022.

Investment Manager's Review (continued)

A number of full and partial disposals in qualifying and non-qualifying investments were also made during the period. These transactions generated total proceeds of £12.1 million and an aggregate capital profit of £4.4 million.

The total value of all disposals made during the period therefore amounted to £79.0 million. Including partial disposals, the total realised capital gain from the sale of investments over the life of the holdings amounted to £66.3 million.

Outlook

For almost 15 years, Central Banks have injected massive amounts of liquidity into the market in an attempt to support their faltering economies. This programme of 'liquidity easing' created a sea of cheap money which, in turn, enabled interest rates to remain at historically and, perhaps artificially, low levels.

The realisation, in early 2020, that the world's population was facing a dangerous pandemic, caused most governments to introduce stringent lockdown measures designed to protect their citizens and prevent health systems from becoming overwhelmed. This policy, while it may well have saved many lives, also resulted in an enormous additional burden of national debt, while placing many economies into a form of hibernation.

As economies slowly emerged from this government-enforced hibernation during 2021, the pent-up consumer demand that lockdown had created, was unleashed. This unusual phenomenon created an illusion that economic growth had been restored and could be sustained without negative consequences. Unfortunately, this 'relief rally' was short-lived and also firmly laid the foundations for the subsequent return of inflation.

Most economies are now facing spiralling levels of inflation and Central Banks are trying to raise interest rates sufficiently quickly to control the rate of inflation, without killing off the prospects of a return to economic growth.

The issue of inflation is a huge and seemingly intractable problem, which may well culminate in a global recession despite the best efforts of Governments and Central Banks around the world.

The current financial year has therefore begun in the same difficult fashion as the previous calendar year ended. Mr Putin's war in Eastern Europe grinds on, causing misery to millions of Ukrainians; constrictions in the global supply chain continue to create shortages of key goods and services, energy costs remain at elevated levels, and the UK Government has lurched from one political crisis to the next.

Against this backdrop it is unsurprising that equity markets remain volatile, and that investor sentiment is fragile at best. Shareholders should therefore be mindful that we see only a slim prospect of short-term recovery in equity markets, which means that the Company's investment portfolio may well struggle to deliver positive returns during the remainder of the current financial year.

Despite all the obvious challenges however, most of the portfolio remains in good health, with the majority of investee companies continuing to trade reasonably well. More importantly, despite their market valuations having fallen dramatically over the past year, many of these businesses remain well-funded and are operating with balance sheets that are sufficiently robust to ensure that they should successfully navigate the current turbulence.

In difficult circumstances, we remain focused 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 also selectively seeking to support emerging businesses through the provision of much needed capital.

Finally, with the benefit of many decades of fund management experience, the team at Unicorn recognises that there is little value in attempting to second-guess the direction of equity markets, which often begin to recover long before there are any tangible signs of economic recovery. As the proverb states, 'the darkest hour is just before the dawn'. Shareholders should therefore take comfort from the fact that equity markets should inevitably regain their poise in due course. It is also worth noting that the capital declines experienced by the Company's investment portfolio in recent months are almost entirely represented by unrealised losses. As such, once investor confidence returns, the recovery in asset value should be significant. More importantly, we firmly believe that some of the investee companies held have the potential to become world-leading businesses which, like Interactive Investor, should help to create further significant value for Shareholders in the coming years.

Chris Hutchinson

Unicorn Asset Management Limited

13 December 2022

Top Ten Investments

at 30 September 2022 with prior year comparative values

	30 September 2022			30 September 2021		
	Book cost £'000	Valuation £'000	% of net assets by value	Book cost £'000	Valuation £'000	% of net assets by value
Hasgrove (unquoted)	1,303	18,907	8.6	1,303	29,148	7.9
Abcam	1,161	15,723	7.1	1,161	17,500	4.7
Tracsis	1,500	15,015	6.8	1,500	15,675	4.2
MaxCyte	2,926	13,919	6.3	2,926	22,121	6.0
Avingtrans*	1,864	8,174	3.7	1,864	8,563	2.3
Anpario	1,422	7,646	3.5	1,422	10,817	2.9
Surface Transforms	3,164	6,945	3.1	3,164	11,575	3.1
Access Intelligence	3,159	6,261	2.8	3,159	9,782	2.6
Mattioli Woods	1,626	5,985	2.7	1,626	7,723	2.1
Keywords Studios	303	5,671	2.6	303	7,186	1.9
Total	18,428	104,246	47.2	18,428	140,090	37.7

* The holding consists of both qualifying and non-qualifying shares as shown on pages 12 and 18.

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							
Abcam Producer and distributor of high quality protein research tools	2005	1,161	15,723	Pharmaceuticals & biotechnology	7.1	0.5	0.6
Tracsis Developer and supplier of resource optimisation and data capture technologies to the transport industry	2007	1,500	15,015	Software & computer services	6.8	5.6	6.2
MaxCyte Developer of cell -engineering platforms based on Flow Electroporation technology	2016	2,926	13,919	Pharmaceuticals & biotechnology	6.3	2.4	2.4
Anpario Manufacturer of natural feed additives for global agricultural markets	2006	1,422	7,646	Pharmaceuticals & biotechnology	3.5	7.8	8.8
Avingtrans Provision of precision engineering services	2004	996	6,972	Industrial engineering	3.2	6.1	6.1
Surface Transforms Developer and producer of carbon-ceramic brakes	2016	3,164	6,945	Automobiles & parts	3.1	9.1	9.1
Access Intelligence Compliance software solutions for the public and private sectors	2004	3,159	6,261	Software & computer services	2.8	5.1	5.1
Mattioli Woods Consultants in the provision of pension and wealth management services	2005	1,626	5,985	Investment banking & brokerage services	2.7	1.9	2.4
Keywords Studios Provider of technical service to the global video game industry	2013	303	5,671	Leisure goods	2.6	0.3	0.3
Cohort Provision of a wide range of technical services to clients in the defence and security sectors	2006	1,278	5,520	Aerospace & defence	2.5	2.9	3.3
Tristel Manufacturer of contamination and infection control products	2009	878	5,069	Healthcare providers	2.3	3.5	4.1
Avacta Group Developer of protein based reagents for research and diagnostics	2018	932	4,558	Pharmaceuticals & biotechnology	2.1	1.7	1.7
Directa Plus Producer and supplier of graphene-based products for use in consumer and industrial products	2016	4,610	4,405	Chemicals	2.0	8.9	8.9
Idox Information and knowledge management software	2007	1,242	4,151	Software & computer services	1.9	1.4	1.4
Animalcare Group Specialist veterinary pharmaceuticals and animal health products	2007	2,401	4,059	Pharmaceuticals & biotechnology	1.8	2.8	2.8
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	3,475	Industrial engineering	1.6	1.1	1.1
Belvoir Group Residential property lettings and sales	2015	1,883	3,381	Real estate investment & services	1.5	5.4	5.4

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*
Aurrigo International An international provider of transport technology solutions	2022	3,000	3,312	Technology hardware & equipment	1.5	15.0	15.0
Instem Data management software for the life sciences sector	2011	985	3,265	Software & computer services	1.5	2.5	2.5
Saietta Group An engineering company specialising in propulsion motors for a broad range of electric vehicles	2021	3,151	3,019	Automobiles & parts	1.4	2.6	2.6
Arecor Therapeutics A globally focused biopharmaceutical company transforming patient care by bringing innovative medicines to market through the enhancement of existing therapeutic products	2021	2,778	2,877	Pharmaceuticals & biotechnology	1.3	3.9	3.9
Feedback A specialist technology company providing innovative software and systems to benefit those working in the field of medical imaging	2020	4,000	2,671	Medical equipment & services	1.2	18.2	18.2
Engage XR (formerly 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	2,182	Software & computer services	1.0	6.5	6.5
Futura Medical Experts in topical formulations and transdermal delivery and have developed an advanced proprietary transdermal technology	2021	2,300	2,099	Pharmaceuticals & biotechnology	0.9	2.0	2.0
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	1,925	Pharmaceuticals & biotechnology	0.9	6.9	6.9
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	1,828	Pharmaceuticals & biotechnology	0.8	1.1	1.1
Totally Delivery of care solutions to individuals, business or public bodies	2015	3,106	1,757	Healthcare providers	0.8	3.1	3.1
Ilika A pioneer in solid state battery technology, enabling solutions for applications such as Industrial IoT, MedTech and EV	2020	1,528	1,747	Electronic & electrical equipment	0.8	2.1	2.1
Destiny Pharma A clinical phase biotechnology company dedicated to the development of novel anti-infectives with a focus on infection prevention.	2020	2,500	1,386	Pharmaceuticals & biotechnology	0.6	5.6	5.6

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*
Polarean Imaging Manufacturer and service provider for noble gas polariser devices and ancillary instruments with special focus on pulmonary imaging	2021	1,907	1,335	Medical equipment & services	0.6	1.5	1.5
Smoove (formerly ULS Technology) Software and services for the property, legal and financial services markets	2014	1,500	1,215	Software & computer services	0.5	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	1,130	Travel & leisure	0.5	2.7	4.4
Verici DX Developer of tests to understand how a patient will and is responding to organ transplant	2020	2,125	1,120	Pharmaceuticals & biotechnology	0.5	4.7	4.7
Gelion Developer of the next generation of safe stationary storage technology to maximise solar and wind energy	2022	1,900	983	Electronic & electrical equipment	0.4	1.2	1.2
PCI-PAL A leading world-wide provider of payment card industry compliance solutions for contact centres	2018	900	920	Software & computer services	0.4	3.1	3.1
SulNOx Group** The development and marketing of fuel emulsifiers and conditioners.	2021	1,700	850	Chemicals	0.4	6.0	6.0
Immotion Group Provider of 'out of home' virtual reality experiences	2018	2,250	801	Electronic & electrical equipment	0.4	7.0	7.0
Oncimmune Holdings A immunodiagnostics developer, primarily focused on the growing fields of immunology, autoimmune disease and infectious diseases	2021	2,088	698	Pharmaceuticals & biotechnology	0.3	1.7	1.7
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	671	Healthcare providers	0.3	5.4	5.4
Renalytix AI A developer of artificial intelligence enabled diagnostic solutions	2018	1,425	648	Healthcare providers	0.3	1.6	1.6
Quixant Designer and manufacturer of advanced hardware and software solutions for the pay-to-play gaming and slot machine industry	2016	648	644	Technology hardware & equipment	0.3	0.6	0.6
Kingswood Holdings Private wealth management	2015	1,758	484	Investment banking & brokerage services	0.2	1.0	1.0
Hardide Advanced tungsten carbide based metal coatings for internal and external surfaces	2014	2,054	477	Chemicals	0.2	5.4	5.4
Trellus Health Provider of quality and expert-driven personalised care for people with chronic conditions	2021	2,500	437	Healthcare providers	0.2	3.9	3.9

** 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*
Creo Medical A medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery	2018	1,000	424	Medical equipment & services	0.2	0.4	0.4
Surgical Innovations Group Designer and manufacturer of minimally invasive surgical instruments	2007	436	414	Medical equipment & services	0.2	2.8	2.8
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	338	Electronic & electrical equipment	0.2	11.8	11.8
ECSC Group Cyber security service provider	2016	2,420	333	Software & computer services	0.2	14.5	14.5
Concurrent Technologies Designer and manufacturer of high performance processor based solutions for use in critical embedded applications	2016	275	325	Technology hardware & equipment	0.2	0.7	0.7
Verditek Development and production of lightweight, flexible solar panels	2020	1,500	319	Alternative energy	0.1	4.2	4.2
Vianet Provision of real-time monitoring systems and data management services	2006	725	319	Software & computer services	0.1	2.2	2.2
Driver Group Provision of specialist commercial, project planning and dispute resolution services to the construction industry	2006	552	308	Industrial support services	0.1	3.1	3.1
Netcall Creates, maintains and supports a full range of communication software tailored to both the public and private sectors	2016	192	277	Software & computer services	0.1	0.3	0.3
XP Factory (formerly Escape Hunt) Global provider of live 'escape the room' experiences	2017	2,000	263	Travel & leisure	0.1	1.5	1.5
Gama Aviation Operator of privately owned passenger jet aircraft	2010	760	252	Industrial transportation	0.1	1.2	1.2
PHSC Health & Safety consultancy and training	2007	253	225	Industrial support services	0.1	10.5	10.5
Bonhill Group Media and events company focused on the financial and technology sectors	2007	3,160	208	Finance & credit services	0.1	3.2	3.2
Touchstar Development and supply of rugged, hand-held data capture devices to the logistics sector	2005	338	203	Technology hardware & equipment	0.1	3.4	3.4
Falanx Group Provider of proactive cyber defence, intelligence and technology	2018	1,500	183	Industrial support services	0.1	6.3	6.3
Brighton Pier Group Owner and operator of Brighton Pier and of premium bars across the UK	2013	426	144	Travel & leisure	0.1	0.7	0.7
Pressure Technologies Manufacturer of high pressure cylinders	2007	1,140	136	General industrials	0.1	1.8	1.8

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*
Genedrive Developing and commercialising a low cost, rapid, versatile point-of-need diagnostics platform for the diagnosis of infectious diseases	2016	706	121	Pharmaceuticals & biotechnology	0.1	1.3	1.3
Abingdon Health Developer and manufacturer of high-quality rapid lateral flow tests across all industry sectors, including healthcare and COVID-19	2020	1,851	116	Medical equipment & services	0.1	1.6	1.6
Synectics Designer of end-to-end integrated security and surveillance solutions	2016	110	100	Industrial support services	0.1	0.6	0.6
Getech Group A leading petroleum and minerals consultancy	2016	188	93	Oil, gas & coal	–	0.9	0.9
Trackwise Designs Manufacturer, to customer specification, of specialist products using printed circuit technology	2018	1,750	92	Technology hardware & equipment	–	4.4	4.4
Omega Diagnostics Medical diagnostics company focused on allergy, food intolerance and infectious disease	2010	444	81	Medical equipment & services	–	1.6	1.6
Dillistone Group Provider of software services to the executive recruitment industry	2006	356	78	Software & computer services	–	8.1	8.1
Merit Group Media group focused on political communication, training and publishing	2003	1,176	69	Media	–	0.9	0.9
Osirium Technologies A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices	2016	2,000	42	Software & computer services	–	3.0	3.0
Zoo Digital Provider of software services to the media, entertainment and publishing industries	2016	3	39	Software & computer services	–	–	–
Grafenia Franchised high street print shops	2004	231	38	Consumer services	–	0.7	0.7
RUA Life Sciences Intellectual property holding company of biomedical polymer technology, components and medical devices	2016	8	13	Pharmaceuticals & biotechnology	–	0.2	0.2
Distil Owner and supplier of gin, vodka and liqueur brands	2016	5	5	Beverages	–	0.1	0.1
Cizzle Biotechnology Holdings Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets	2014	747	1	Pharmaceuticals & biotechnology	–	–	–
British Honey Company (The)** A UK based producer of spirits, honey and jams	2020	3,101	–	Beverages	–	16.6	16.6
		<u>117,864</u>	<u>164,795</u>		<u>74.5</u>		

** 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*
QUALIFYING UNQUOTED INVESTMENTS							
Hasgrove Digital marketing and communication services	2006	1,303	18,907	Media	8.6	24.5	24.5
nkoda Limited Online provider of sheet music by subscription	2018	2,500	963	Software & computer services	0.4	10.9	10.9
Heartstone Inns A group of individual Free Houses each with a distinct character in locations across Southern England	2014	1,112	687	Travel & leisure	0.3	7.3	7.3
LightwaveRF A pioneer of the smart home technology sector	2017	2,616	279	Technology hardware & equipment	0.1	14.4	14.4
Phynova A life science company that develops and commercialises natural healthcare products	2018	1,500	226	Pharmaceuticals & biotechnology	0.1	5.9	5.9
Osirium Technologies - Loan stock A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices	2020	500	125	Software & computer services	0.1	N/A	N/A
Crawshaw Group*** Yorkshire based chain of retail butchers	2007	1,538	–	Food & drug retailers	–	6.4	6.4
Kellan Group A recruitment business operating across a wide range of functional disciplines and industry sectors	2016	13	–	Industrial support services	–	0.3	0.3
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 Holdings (formerly Miroma SET) Film and live entertainment advertising, marketing and display agencies	2016	1	–	Media	–	–	–
		<u>14,435</u>	<u>21,187</u>		<u>9.6</u>		
TOTAL QUALIFYING INVESTMENTS		<u>132,299</u>	<u>185,982</u>		<u>84.1</u>		
NON-QUALIFYING INVESTMENTS							
OEIC funds managed by Unicorn Asset Management	2001	<u>4,483</u>	<u>3,265</u>	OEIC	<u>1.5</u>	N/A	N/A
NON-QUALIFYING FULLY LISTED EQUITIES							
Macfarlane Group	2010	642	2,210	General industrials	1.0	1.6	2.6
Lloyds Banking Group	2018	3,010	1,830	Banks	0.8	–	–
Babcock International	2017	3,006	925	Aerospace & defence	0.4	0.1	0.1
Renold	2010	880	678	Industrial engineering	0.3	1.3	1.3
Braemar Shipping Services	2006	598	338	Industrial transportation	0.2	0.4	1.1
Vodafone	2016	<u>221</u>	<u>101</u>	Telecommunications service providers	<u>–</u>	<u>–</u>	<u>–</u>
		<u>8,357</u>	<u>6,082</u>		<u>2.7</u>		

*** In liquidation.

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*
NON-QUALIFYING AIM QUOTED ENTITIES							
Avingtrans	2004	868	1,202	Industrial engineering	0.5	6.1	6.1
Belvoir Group	2015	479	868	Real estate investment & services	0.4	5.4	5.4
City Pub Group	2013	1,315	452	Travel & leisure	0.2	2.7	4.4
IQE	2011	187	204	Technology hardware & equipment	0.1	0.1	0.4
Driver Group	2006	561	180	Industrial support services	0.1	3.1	3.1
Dillstone Group	2006	722	161	Software & computer services	0.1	8.1	8.1
Gama Aviation	2010	751	145	Industrial transportation	0.1	1.2	1.2
Other AIM listed entities		188	–	Other AIM listed	–		
		<u>5,071</u>	<u>3,212</u>		<u>1.5</u>		
NON-QUALIFYING UNQUOTED INVESTMENTS							
Unlisted equities		<u>368</u>	<u>–</u>		<u>–</u>		
TOTAL NON-QUALIFYING INVESTMENTS		<u>18,279</u>	<u>12,559</u>		<u>5.7</u>		
TOTAL INVESTMENTS		<u>150,578</u>	<u>198,541</u>		<u>89.8</u>		
Current assets			24,266		11.0		
Current liabilities			(1,681)		(0.8)		
NET ASSETS			<u>221,126</u>		<u>100.0</u>		

* 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
Hasgrove	18,907	8.6	Earnings multiple	31 Dec '21	23,046	6,196	6,132
nkoda Limited	963	0.4	Net asset value	30 Sep '21	N/A	N/A	2,259
Heartstone Inns	687	0.3	Net asset value	31 Dec '21	5,931	128	15,121
LightwaveRF	279	0.1	Net asset value	31 Dec '21	N/A	(106)	7,046
Phynova	226	0.1	Net asset value	31 Dec '20	N/A	N/A	(410)
Osirium Technologies – Loan stock	125	0.1	Cost (reviewed for impairment)	31 Dec '21	1,475	(3,428)	232
Kellan Group	–	–	Full provision	31 Dec '21	18,472	891	2,829
Miroma Holdings (formerly Miroma SET)	–	–	Full provision	30 Jun '21	84,858	(445)	13,049
Uvenco	–	–	Full provision	31 Dec '16	10,857	421	982
Syndicate Room	–	–	Full provision	31 Dec '21	N/A	N/A	(4,183)
Crawshaw Group	–	–	Full provision	28 Jan '18	44,559	(13,521)	10,366

The valuations of the unquoted portfolio are reviewed quarterly as discussed on page 53.

During the year, the Company's holding in Interactive Investor was sold to abrdn plc for total proceeds of £55.1 million, realising a gain over the life of the holding of £51.6 million. The realised gain was distributed to Shareholders by the payment of a special interim dividend of 32.0 pence per share.

Financial and Performance Review

for the year ended 30 September 2022

Net Assets

As at 30 September 2022, the audited net assets of the Company were £221.1 million, compared to £370.8 million on 1 October 2021. The decline in total net assets was due mainly to the fall in value of the portfolio and the distribution of dividends to Shareholders. These were partially offset by the support received from new and existing Shareholders under the Offer for Subscription, which raised £24.4 million net of costs.

Performance during the year

As at 30 September 2022, the audited NAV of the Company was 134.8 pence per share, having fallen by 113.8 pence from 248.6 pence per share at the start of the financial year under review, compared with a rise of 70.0 pence per share in the year ended 30 September 2021. After adding back dividends of 45.5 pence per share paid in the year, the total return to

Shareholders decreased by 68.3 pence or 27.5% compared with an increase of 76.5 pence or 42.8% in the previous year. In comparison, the total return from the FTSE AIM All-Share Total Return Index was a decline of 34.3% over the year to 30 September 2022 (2021: 30.8% increase).

At the financial year end, there were 85 active VCT qualifying and 8 non-qualifying companies held in the portfolio. These investments are spread across 25 different sectors.

In the year to 30 September 2022, a total of £79.0 million was realised through the sale of investments, approximately £9.8 million was deployed in new investments and approximately £71.7 million was paid out as dividends to Shareholders. A further £6.1 million was spent on the operating costs of the Company and £4.4 million on share buybacks.

Share Issues and Buybacks

The Company raised £24.4 million (after costs) through an Offer for Subscription and issued 12,647,039 shares, details of which are given in Note 13 on page 77.

In addition, the Company allotted 4,706,355 shares under the Dividend Reinvestment Scheme ("DRIS") at an average price of 154.24 pence per share.

During the year a total of 2,515,309 (2021: 3,204,997) shares were bought back for cancellation for a total cost of £4.4 million (2021: £6.3 million). Details are shown below:

Date	Number of shares	Price per share pence	Discount to NAV %	Total cost £'000
20 December 2021	609,507	207.0	12.6	1,268
14 January 2022	235,649	200.0	16.4	474
15 February 2022	345,000	179.0	12.8	621
9 March 2022	227,767	168.0	12.9	384
22 June 2022	785,645	164.0	13.0	1,295
20 September 2022	311,741	127.0	12.7	398
	<u>2,515,309</u>			<u>4,440</u>

Total Return

The Company generates returns and losses from both capital growth and dividend income. For the year ended 30 September 2022, the total loss was £105.2 million (2021: £111.1 million gain), of which there was a £104.8 million loss (2021: £111.6 million gain) from capital and a £0.4 million loss (2021: £0.5 million loss) from revenue. Full details of the total return can be found in the Income Statement on page 64. The Company's allocation of expenses is described in Note 1 (g) on page 69.

The total net losses per share were 67.3p (2021: 75.0p earnings). The total net losses per share was made up of 67.1p from capital and 0.2p from revenue.

Revenue Return

The income of £1.7 million (2021: £1.7 million) represents dividend income derived from the Company's investments and interest on cash balances.

Financial and Performance Review (continued)

for the year ended 30 September 2022

Capital Return

At the year end the investment portfolio was valued at £198.5 million (2021: £368.6 million). The investment portfolio delivered a realised return on disposals of £12.8 million (2021: £6.7 million) and unrealised valuation losses on investment of £113.6 million (2021: £109.1 million gain). The valuation basis of the Company's investments is described in Note 1 (d) on pages 68 and 69.

Ongoing Charges and Running Costs

The Ongoing Charges of the Company for the financial year under review was 2.0% (2021: 2.0%) of average net assets, which remains below the cap of 2.75%.

The total expenses amounted to £6.1 million (2021: £6.8 million) and include investment management fees of £5.3 million (2021: £6.1 million), Directors' fees of £0.1 million (2021: £0.1 million), administrative service fees of £0.2 million (2021: £0.2 million) and other third party service providers fees of £0.2 million (2021: £0.2 million).

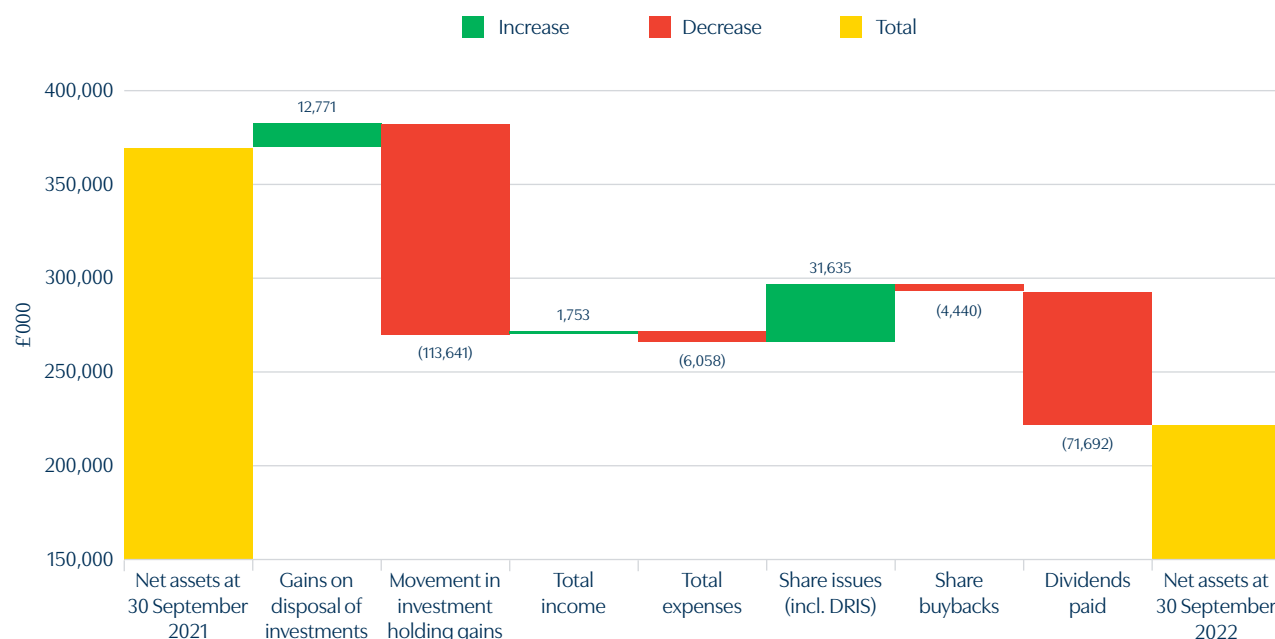
Under the revised management agreement effective from 1 October 2018 and the side letter effective from 1 January 2022 and as shown in Note 3 on page 71, the Investment Manager receives a management fee of 2% per annum of net assets up to £200 million, 1.5% per annum of net assets in excess of £200 million and 1% in excess of £450 million (other than on investments in OEICs managed by the Investment Manager). Other expenses are shown in Note 4 on page 72.

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. This was partially offset by the purchase of investments, the payment of running costs, share buybacks and dividends and at the year end the cash balance had increased to £23.8 million (2021: £3.6 million).

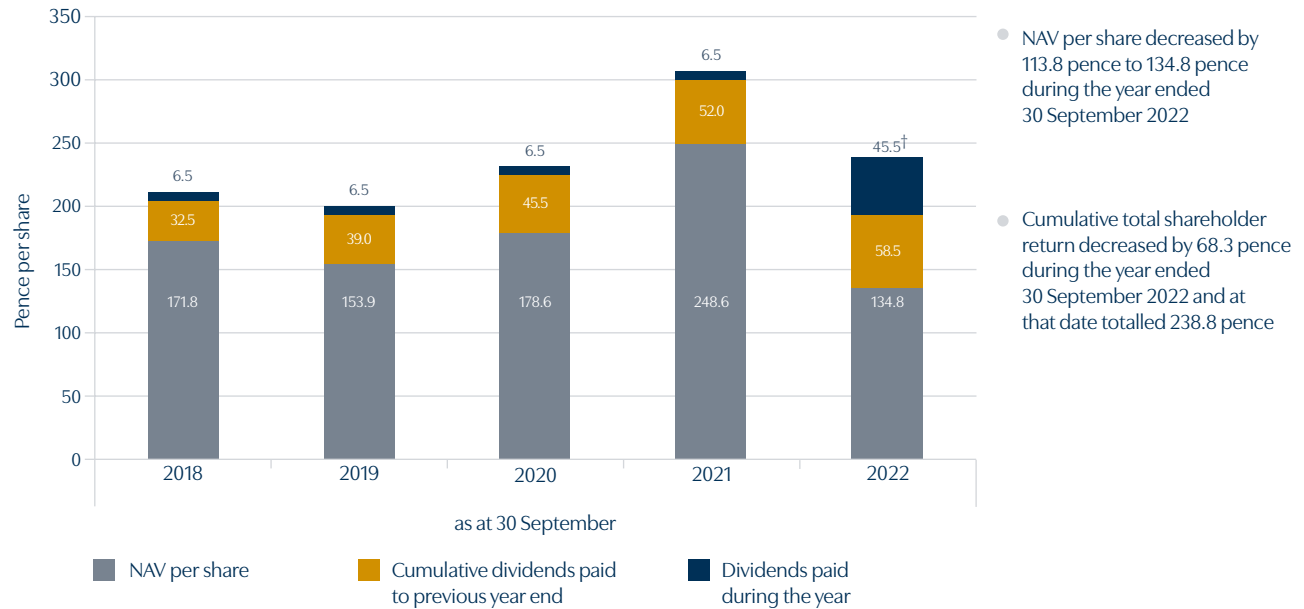
Movement in net assets for the year ended 30 September 2022



Key Performance Indicators

The bar charts below display the key indicators that the Board uses 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*

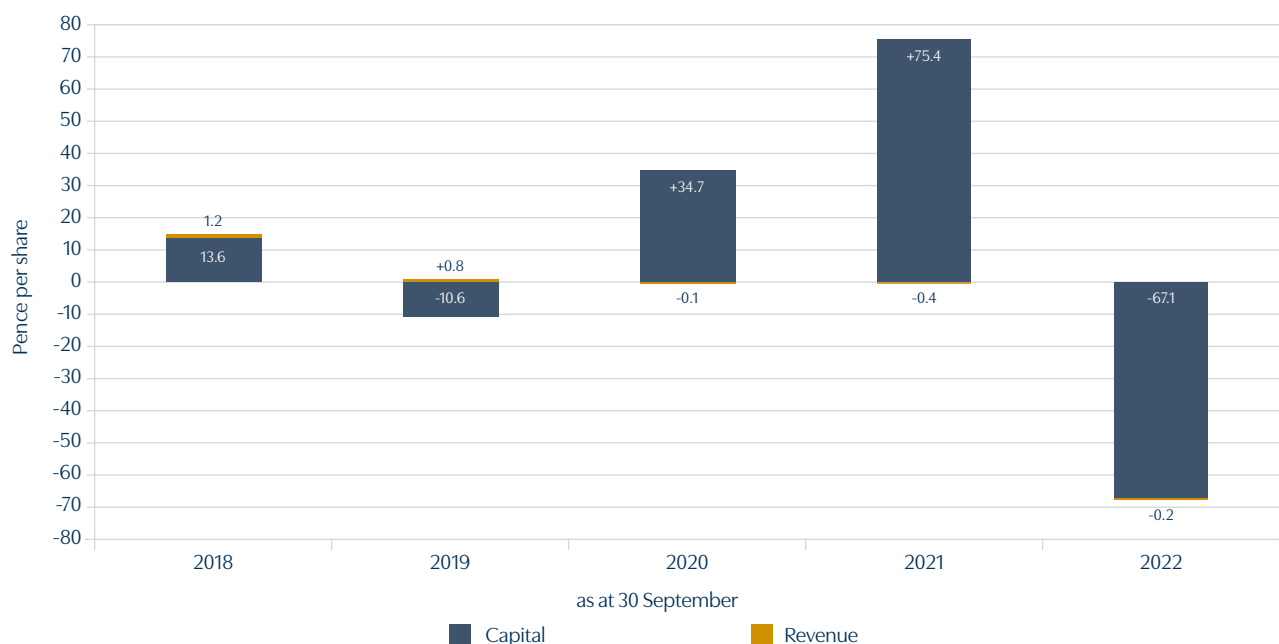


* The cumulative total Shareholder return since 30 September 2012, when the NAV per share was 102.3 pence, has been 136.5 pence representing the cumulative dividends paid of 104.0 pence plus the increase in NAV per share of 32.5 pence since that date.

† Including 3.0 pence interim dividend paid on 11 August 2022, a special interim dividend of 7.0 pence paid on 10 February 2022 and a special interim dividend of 32.0 pence paid on 11 August 2022.

Earnings per share*

The earnings per share for the year ended 30 September 2022, together with those of the previous four financial years are outlined in the graph below:

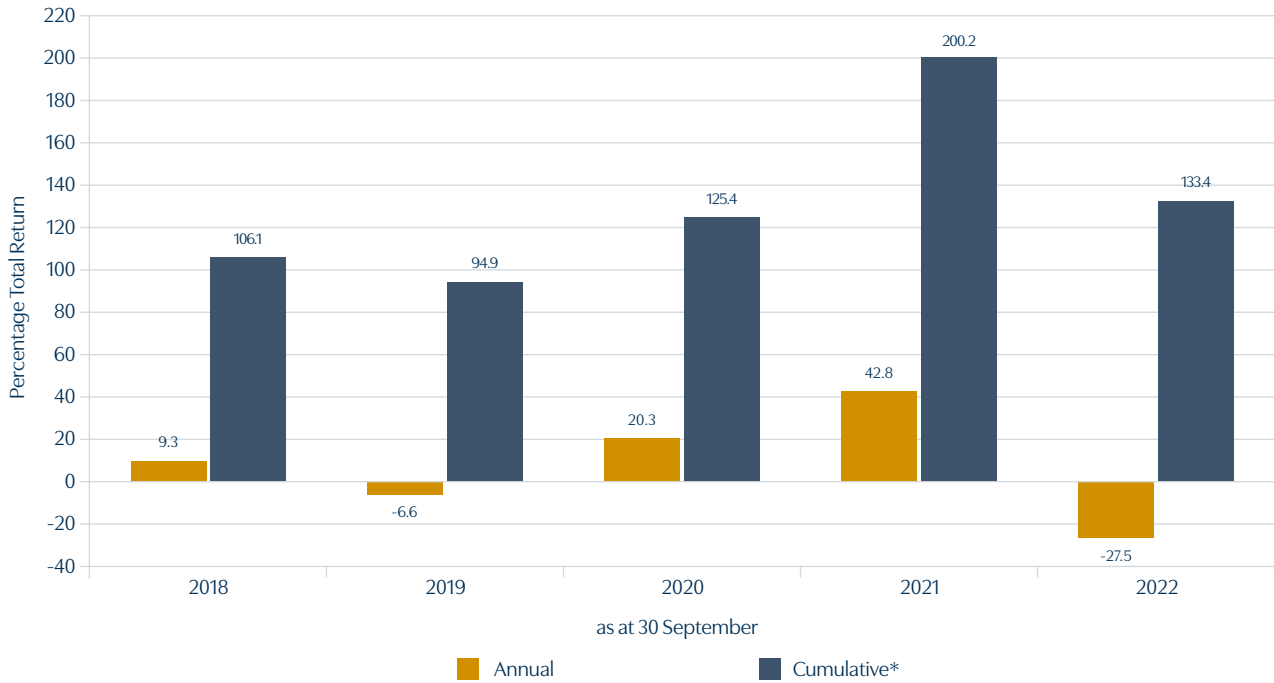


* Total earnings including unrealised gains/(losses) on investments after taxation divided by weighted average number of shares in issue.

The results are disappointing and arise directly from falls in valuations during the year, the Board sees no reason to change the investment strategy.

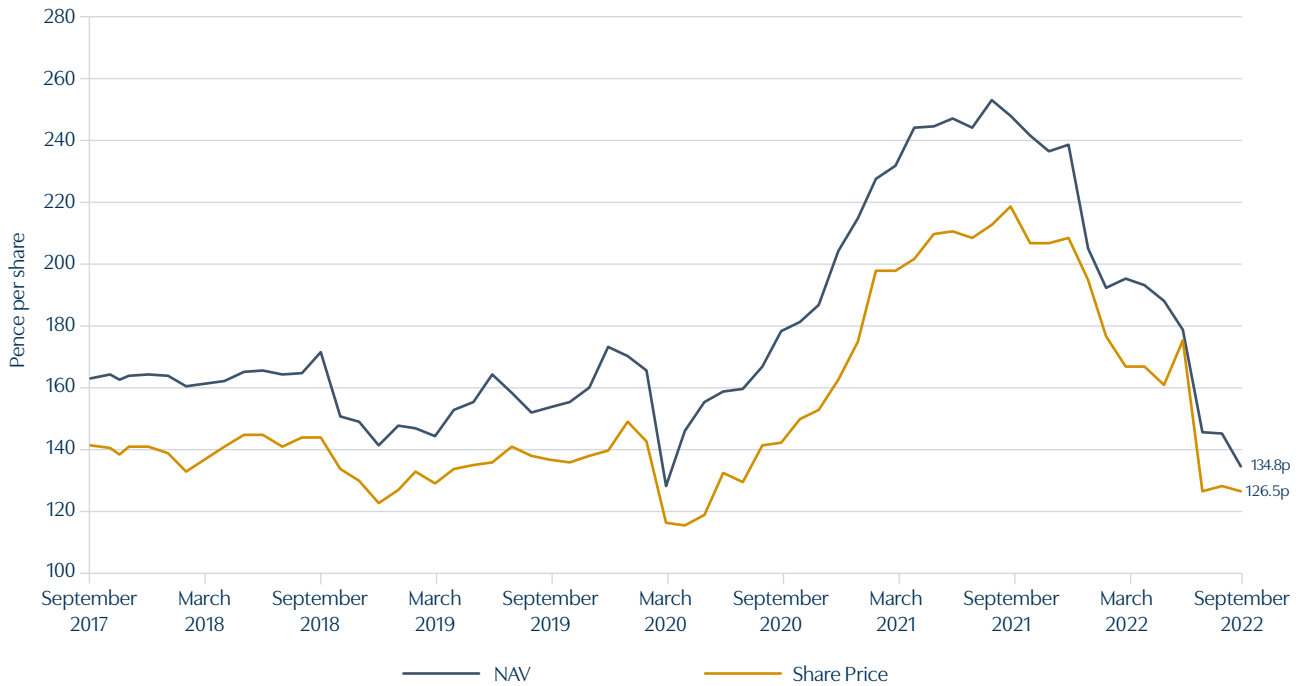
Key Performance Indicators (continued)

Annual and cumulative total return



* The cumulative total return is based on the total return since 30 September 2012 when the NAV was 102.3 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 89.

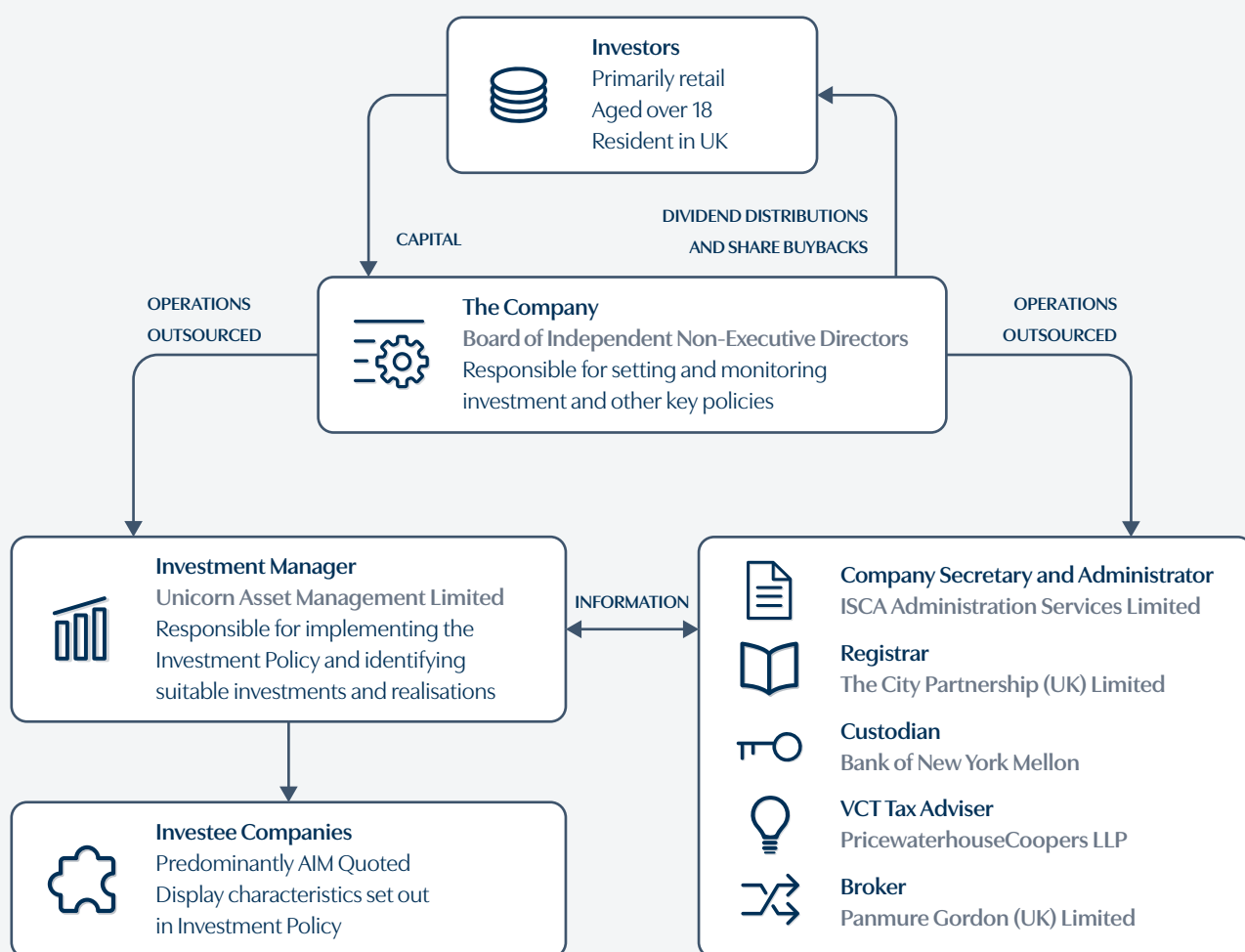
The Company's shares are listed on the London Stock Exchange main market under the code UAV and ISIN GB00B1RTFN43.

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

the service providers is outlined in the Corporate Governance Statement on page 50.

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 investment 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 41 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.

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.

Details of the Company's Dividend Reinvestment Scheme are outlined on page 86.

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 20 and 77. At the financial year end, the Company's shares were quoted at a mid price of 126.5 pence per share representing a discount to NAV per share of 6.2%.

The Board intends to continue with the above share 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 are required under the Companies Act 2006 ("the Act") to act in a way that they consider is in good faith to promote the success of the Company for the benefit of its members, the Shareholders. Furthermore, under s172 of the Act, the Directors should consider other stakeholder groups and any long-term consequences of decisions made. Stakeholders for consideration would be employees (if any), suppliers, customers and others. When making decisions the Directors should take into account the needs of each of these stakeholders, whilst recognising that some stakeholders may have conflicting priorities. It is acknowledged that not all decisions / made can be to the benefit of all stakeholder groups.

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.

Every month, and at each Board meeting, the Directors receive and review a summary of the performance of the Company in relation to meeting the Company's investment objective. Key representatives of the Investment Manager attend Board meetings to report directly to the Board and answer any questions raised. The financial performance is reviewed against the Key Performance Indicators as set by the Board and compared to those competitors in its peer group. 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.

After being forced by Covid restrictions to hold the 2021 AGM behind closed doors the Company was able to hold a normal AGM on 3 February 2022. To complement the Shareholders attending in person the Company offered non-attending Shareholders the ability to view the meeting on Zoom and to put questions to the Investment Manager and the Board.

As reported on pages 41 and 42, it is intended to hold the AGM on 7 February 2023 as normal and invite Shareholders to attend and meet the Board and Investment Manager. The Company will again seek to provide an online broadcast of the AGM and the Manager's presentations to allow Shareholders unable to attend in person 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.

To assist Shareholders who might not wish to attend in person, 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 91 to 95 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 no longer prints the Half-Yearly Report, however copies will be available to view and download from the Company's website. Shareholders who have notified the Registrar of their email address will be notified of the publication of the Half-Yearly Report. 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

Section 172(1) Statement (continued)

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 of 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. The Company produces a Key Information Document ("KID") and has engaged a third party supplier to monitor and update this document as necessary.

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 ("SID"). When Jocelin Harris steps down from the Board at the AGM, Charlotta Ginman will become the SID. Should Shareholders wish to contact the Board they should initially contact the Company Secretary. Shareholders may then contact the SID if they have concerns which have failed to be resolved through the Chair or Investment Manager or where such contact is inappropriate.

The enquiries this year have covered topics such as the share price discount to NAV, the special dividends paid, 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 considered a fundraising the Company announced a £25 million offer in January 2022. The offer gave priority to existing Shareholders and was fully subscribed. Following further discussions, the Board has announced that it intends to raise up to £15 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 the Company's investee companies. For these reasons, it is particularly important that communication between the Investment Manager and the management teams of the Company's 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.

Section 172(1) Statement (continued)

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 its affairs and meet its regulatory obligations. The Board and its Committees undertake a review of all the key third party suppliers at least annually to ensure that they are providing the Company with the required level of service.

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 Company's 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 Shareholders' tax advantages.

Dividends

Following the sale of Augean and Interactive Investor, the Board considered the return of realised gains made to Shareholders and concluded that it was appropriate to pay special dividends of 7.0 pence and 32.0 pence per share respectively to Shareholders. As part of this decision the Board considered the requirements of the VCT rules requiring the Company to hold at least 80% of its assets in VCT qualifying holdings.

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 its dividend by cheque service and the printing of the Half-Yearly Report, 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 by supporting recognised carbon offset projects.

With the exception of our few unquoted investments our Investment Manager has a discretionary mandate to invest on the Company's behalf and we are therefore reliant on its processes and practices to deliver the policy. The Investment Manager has developed its Environmental, Social and Governance ("ESG") processes signing up to the UN Principles of Responsible Investing ("UNPRI") and the Net Zero Manager's Initiative. 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. The work undertaken on ESG is described on page 30.

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 any 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.

Environmental, Social and Governance ("ESG") Report

for the year ended 30 September 2022

Whilst not having an explicit 'sustainable' investment objective, the Board and the Investment Manager are committed to investing in line with Unicorn Asset Management's ESG investment policy. The Investment Manager employs both an ESG Officer and ESG Analyst within the investment team, who are focused on the integration of ESG factors within the investment process. The obligations of being a signatory of the United Nations Principles of Responsible Investing and Net Zero Asset Managers Initiative are also forming the Investment Manager's approach to responsible investment and the accompanying reporting framework.

The Investment Manager is taking steps to improve the ESG credentials of its own operations and has taken action to achieve carbon neutral status through a series of measures, including the use of fully renewable energy suppliers and carbon offsetting through tree planting.

The Investment Manager continues to strengthen its approach to incorporating ESG considerations into the investment process, particularly with regards to the capture of relevant information across the investment portfolio of companies. There has been continued progress on the exercise of conducting a review of the ESG characteristics of the portfolio investee companies. The review includes, but is not limited to, the following considerations:

- **Environmental** – energy and carbon efficiency, waste management, water management, supply chain considerations
- **Social** – labour standards, health and safety, community engagement, diversity, and supply chain considerations
- **Governance** – ethics, board composition and independence, data security and risk management

Encouragingly, the Investment Manager continues to see opportunities to allocate capital to innovative, early-stage businesses, which have commercial models aligned with sustainability themes. Thirteen new VCT qualifying investments made over the past two financial years operate in areas delivering positive impacts, either on the physical environment or on healthcare outcomes.

One example would be the £1.9 million investment in Gelion, a business that has developed a next generation of safe stationary electricity storage technology to maximise the use of solar and

wind energy. Gelion's focus is to develop and commercialise solutions for the successful transition to a sustainable economy through the storage of energy. In 2022, Gelion received the London Stock Exchange Green Economy Mark.

The Investment Manager recognises the importance of stewardship and shareholder engagement, which are integral to our investment process. Regular meetings with company management teams provide the Investment Manager with a valuable forum for dialogue, monitoring and appraisal of investee companies. In particular, ESG issues have become an area of increased focus during the year.

During 2022, the two key areas of focus when engaging with VCT companies have been;

1. transparent and comprehensive ESG reporting/disclosure; and
2. developing a credible decarbonisation strategy (i.e. the establishment of a Net Zero Target or an emissions reduction framework).

Given the "knowledge intensive" nature of the portfolio's investee companies, the environmental impact of their operations tends to be relatively low and, in many cases, the products they sell are contributing to the transition away from carbon intensive energy sources. The Investment Manager is mindful that many of the portfolio companies are currently of a size where mandatory reporting of emissions is not yet a requirement. Nevertheless, efforts are being made to broaden the engagement with our investee companies and to encourage them to enhance their disclosure and to formalise targets wherever possible and appropriate.

The Investment Manager is active in exercising voting rights to ensure that the investee companies act in the best interests of the Company's Shareholders. During the financial year ended 30 September 2022, the Investment Manager voted on a total of 901 Resolutions, and voted against Resolutions proposed on 95 separate occasions, representing 11% of the total voting activity in the period. The Resolutions it was decided to oppose were mainly around Corporate Governance, with particular focus on remuneration and Board composition. In the interests of transparency, the Investment Manager has chosen to publish its voting history on the Unicorn Asset Management website.

Principal and Emerging Risks

The Directors have carried out a review of the principal and emerging risks faced by the Company as part of its internal controls process, as outlined below. Note 17 to the Financial Statements on pages 79 to 85 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 its approach to risk. It has sought to identify new and emerging risks alongside the principal 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	Movement in risk during the year
1. Investment and strategic risk	<ul style="list-style-type: none"> Unsuitable investment strategy or investment selection could lead to poor returns to Shareholders. 	<ul style="list-style-type: none"> Regular review of investment strategy by the Board. Monitoring of the performance of the investment portfolio on a regular basis. All purchases or sales of unquoted investments require prior authorisation from the Board. 	↑
2. Regulatory and tax risk	<ul style="list-style-type: none"> The Company is required to comply with the Companies Act 2006, ITA, AIFMD (as applicable to small registered UK AIFMs), FCA Listing 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. 	<ul style="list-style-type: none"> Regulatory and legislative developments are kept under close review by the Board, the Investment Manager, Company Secretary and Administrator. 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. 	→
3. Operational risk	<ul style="list-style-type: none"> The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation of assets. 	<ul style="list-style-type: none"> Internal control reports are provided by service providers on an annual basis. The Board considers the performance of the service providers annually and monitors activity on a monthly basis. The Board discusses succession planning with its key service providers. 	→
4. Fraud, dishonesty and cyber risks	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Internal control reports are provided by service providers on a regular basis. The Administrator is independent of the Investment Manager. We minimise as far as practical the amount of personal data held by our service providers and the Board. All service providers use third party professionals to review cyber security exposure and act on any material recommendations made. 	→

Principal and Emerging Risks (continued)

Risk	Possible consequence	How the Board monitors and mitigates risk	Movement in risk during the year
5. Financial Instrument risks	<ul style="list-style-type: none"> The main risks arising from the Company's financial instruments are from fluctuations in their market prices, interest rates, credit risk and liquidity risk. 	<ul style="list-style-type: none"> The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 17 on pages 79 to 85. 	↑
6. Economic and political risks	<ul style="list-style-type: none"> 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, long-term 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. 	<ul style="list-style-type: none"> While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst seeking to maintain adequate liquidity. 	↑
7. Black Swan events	<ul style="list-style-type: none"> 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. Russia's invasion of Ukraine could adversely affect investee companies. 	<ul style="list-style-type: none"> The Board liaises with the Investment Manager to obtain an understanding of the impact on the investee companies. The Investment Manager reviews the impact of staff availability, raw materials availability, energy supply and inflationary impact on portfolio companies. 	↑
<p>The Board is responsible for assessing the possibility of new and emerging risks and, in addition to the principal risks, the Board has identified the following emerging risks:</p>			
Emerging risks	<ul style="list-style-type: none"> 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. The increasing political tensions between China and Taiwan. 	<ul style="list-style-type: none"> Increasing the influence of ESG matters around investment decisions. Investment Manager focus on these issues when reviewing the portfolio. 	

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

As reported last year Jocelin Harris indicated his intention to step down from the Board and will not seek re-election at the AGM. During the year the Board engaged an outside recruitment company to assist in finding a suitable candidate to join as a new Director. The process involved the identification of key skills a candidate should possess, the recruitment agency then assisted with the drawing up of a long-list of possible candidates which the Board acting as a nomination committee reduced to a short-list of candidates who were interviewed. Following this process the Board were pleased to announce that Josephine Tubbs accepted the offer to join the Board on 24 May 2022.

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. Upcoming regulation applicable from April 2023 will require a Company to report on a comply or explain basis against three key indicators. 40% of the Board should be comprised of women. The Company meets this requirement at the year end and the percentage of women will represent 50% of the Board once Jocelin Harris retires at the AGM. When Charlotta Ginman is appointed as the Senior Independent Director after the AGM, this will meet the requirement that one senior board position is held by a woman. Although not currently meeting the requirement that one Director should be from an ethnic minority background this is something the Board will be mindful of in any future recruitment, providing a suitable candidate possesses the key skills and experience required for the position.

From the beginning of the year until May 2022 the Board consisted of three males and one female. When Josephine Tubbs joined the Board, the Board consisted of three male and two female Directors. All Directors identified themselves as caucasian by ethnic background.

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 Company'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

Full details of the Company's ESG approach can be found on page 30.

In relation to the Company's own practices the Company encourages electronic communication to reduce paper usage, has withdrawn its dividend by cheque service and the printing of the Half-Yearly Report, 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.

The Regulatory Environment (continued)

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 in the Going Concern Statement on page 41.

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 2022.

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 March 2022.

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: £6.1 million invested in non-qualifying, fully listed shares which are readily realisable, a further £3.3 million in a daily dealing open ended fund and £23.7 million in 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 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.

In order to maintain viability, the Company has a risk control framework as shown on pages 31 and 32 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 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 Chair's Statement on page 4.

For and on behalf of the Board

Tim Woodcock
Chair

13 December 2022

Board of Directors



Tim Woodcock

Status: Independent, non-executive Chair

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 2022:

3 years, 3 months

Last elected to the Board:

3 February 2022

Committee memberships:

Audit Committee

Remuneration 2021/2022:

£33,750

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 2022:

6 years, 3 months

Last elected to the Board:

3 February 2022

Committee memberships:

Audit Committee

Remuneration 2021/2022:

£27,250

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 (including connected persons):

39,198

Board of Directors (continued)



Jeremy Hamer

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

Skills and experience:

Jeremy is a qualified Chartered Accountant who went into industry after 3 years abroad with Coopers and Lybrand, initially in finance roles. This was followed by general management, predominantly in companies needing development capital and listed on AIM. He is also a business coach and a governor of a prep school in Dorset.

Other appointments:

None

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 2022:

12 years, 6 months

Last re-elected to the Board:

3 February 2022

Committee memberships:

Audit Committee (Chair)

Remuneration 2021/2022:

£31,750

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 early stage 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 private UK and US companies in which he currently has investments. He is a trustee of St Peter's College, Oxford.

Jocelin is not standing 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 2022:

16 years, 5 months

Last re-elected to the Board:

3 February 2022

Committee memberships:

Audit Committee

Remuneration 2021/2022:

£29,750

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:

113,572 Ordinary shares

Board of Directors (continued)



Josephine Tubbs

Status: Independent non-executive Director

Skills and experience:

Josephine Tubbs is a solicitor who qualified in 1992. Since 1997 she has worked as an in house solicitor in the asset management industry. She has worked at AXA Investment Managers (AXA IM) since 2006 and currently holds the role of UK General Secretary responsible for governance, regulatory development and leads the legal team in the UK. She is a member of the UK Executive Committee and serves as a non-executive director on various boards of entities in Ireland. Former employers include Framlington Group Plc (acquired by AXA IM in 2005), Gartmore, Eversheds LLP, Burges Salmon LLP, the Investment Association and Simmons & Simmons LLP where she qualified.

Other appointments:

Josephine is a non-executive director of AXA Rosenberg Management Ireland Limited (in members' voluntary liquidation), AXA Investment Managers Ireland Limited, AXA IM Wave ICAV, AXA IM Private Debt Fund ICAV and AXA IM ETF ICAV.

Rationale for election:

Josephine brings both legal, regulatory and investment experience to board discussions and decisions and corporate governance expertise. She has also acted as a non-executive director for AXA IM Irish entities for several years bringing existing experience as a non-executive director on investment fund boards prior to joining the Board in May 2022.

Length of service as at 30 September 2022:

4 months

Committee memberships:

Audit Committee

Remuneration 2021/2022:

£9,669

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:

nil Ordinary shares

Investment Management Team



Chris Hutchinson
Director and Senior Fund
Manager

Chris has been the lead manager of Unicorn AIM VCT since joining the business in 2005 and is also co-manager of the Unicorn AIM IHT & ISA Portfolio Service and the Unicorn Outstanding British Companies Fund. Chris brings with him over 25 years' experience of UK Equity Investing and works closely with the Investment team across the OEIC and Managed Accounts.



Paul Harwood
Non-Executive Director

Paul brings a wealth of knowledge in his capacity as a Non-Executive Director with over 40 years' investment experience. Paul has held positions at Phillips & Drew, Richards Longstaff and Mercury Asset Management/Merrill Lynch, where he was a Director, Joint Head of the European Equity Investment team and latterly the Head of the UK Smaller Companies Team.



Fraser Mackersie
Fund Manager

Fraser joined Unicorn in 2008 and is co-manager of the Unicorn UK Income Strategy and Unicorn UK Growth Fund as well as collaborating with the Investment team across the OEIC, AIM VCT and Managed Accounts. Having previously held positions with F&C Asset Management and Geoghegan & Co Chartered Accountants, Fraser 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 joined Unicorn in 2008 and is co-manager of the Unicorn UK Income Strategy and lead manager of Unicorn UK Smaller Companies Fund as well as collaborating with the Investment team across the OEIC, AIM VCT and Managed Accounts. Prior to joining Unicorn, Simon worked as a research analyst at JM Finn & Co. Stockbrokers and spent three years in the NHS graduate finance scheme.

Investment Management Team (continued)



Alex Game CFA
Fund Manager & ESG Officer

Alex joined Unicorn in 2014 and is co-manager of the Unicorn UK Growth fund, AIM IHT & ISA Portfolio Service and assistant manager for the Unicorn UK Smaller companies fund as well as collaborating with the Investment team across the OEIC, AIM VCT and Managed Accounts. As ESG Officer Alex has led the development of Unicorn's approach to responsible investing, having previously worked as a Client Advisor at Stanhope Capital with a focus on Charity clients. Alex graduated from Durham University in 2010.



Max Ormiston CFA
Fund Manager

Max joined Unicorn in 2014 and is co-manager of the Unicorn Outstanding British Companies Fund and AIM IHT & ISA Portfolio Service portfolios as well as collaborating with the Investment team across the OEIC, AIM VCT and Managed Accounts. Prior to Unicorn Max worked as an investment manager with Brewin Dolphin. Max graduated from Newcastle University in 2009 with a First-Class degree.



Cordelia Tahany
ESG & Investment Analyst

Cordelia joined the team in 2022 having previously worked as an Investment Banking Analyst at J.P. Morgan. Cordelia works closely with Unicorn's ESG Officer and the Investment team across the OEIC, AIM VCT and Managed Accounts. Cordelia is a Level 4 ESG Investing CFA Charter holder and graduated from London School of Economics & Political Science (LSE) with a BSc in Economic History.



Anam Ajani
Investment Analyst

Anam joined Unicorn in 2022 and works closely with the investment team on the OEIC, AIM VCT and Managed Accounts, providing research and analysis across the UK equity market. A CFA level 3 candidate, Anam holds an MSc in Finance and Accounting from Imperial College Business School, and was previously a Senior Analyst with J.P. Morgan Chase & Co.

Directors' Report

The Directors present the twenty-first Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2022 (the "Annual Report") incorporating the Corporate Governance Statement on pages 48 to 52.

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 48, 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

The Board consisted of four Directors until Josephine Tubbs joined on 24 May 2022 and five Directors from then on. All of the Directors are non-executive and are independent of the Investment Manager. The biographies of the Directors are shown on pages 35 to 37 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, Jeremy Hamer and Charlotta Ginman will be subject to re-election by Shareholders at the forthcoming AGM on 7 February 2023. Josephine Tubbs will offer herself for election, this being the first AGM since her appointment. Having served as a Director for over 16 years, Jocelin Harris will not be offering himself for re-election.

Dividends

An interim dividend of 3.0 pence per share was paid on 11 August 2022.

Special interim dividends of 7.0 pence per share, following the sale of Augean PLC to Ancala Partners and Fiera Infrastructure and 32.0 pence per share, following the takeover of Interactive Investor by abrdn plc, were paid on 10 February 2022 and 11 August 2022, respectively.

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

Share Capital

At the year-end there were 164,023,203 (2021: 149,185,118) 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 77. No shares have been bought back subsequent to the year end, therefore, at the date of this report, the Company had 164,023,203 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 52. 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.

Directors' Report (continued)

- 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 79 to 85.

The business model and strategy is included in the Strategic Report on pages 24 and 25.

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 Fund 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 exceed €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 Manager.

Outlook

The outlook is discussed in the Chair'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 2022, the Company held cash balances of £23.7 million, £6.1 million in fully listed stocks and £3.3 million in the Unicorn Ethical OEIC fund. 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, 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 12 December 2022, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

Post balance sheet events

On 8 December 2022, the Company announced an Offer for Subscription as detailed in the Chair's Statement on page 3.

Annual General Meeting ("AGM") format for this year

Details of the AGM are below and the Notice of Meeting is on pages 91 to 95. The Company intends to hold an open meeting to which Shareholders can attend in person if they wish.

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.

Directors' Report (continued)

Notice of the AGM to be held at The Great Chamber, The Charterhouse, Charterhouse Square, London EC1M 6AN, is set out on pages 91 to 95 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report.

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 91 to 95 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 Regulatory News Service of the Stock Exchange ("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 31 January 2023.

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 11 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 12 and 13 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting to be passed. Resolutions 11 to 13 are the usual resolutions relating to the authority to issue and buyback shares and in substitution for existing authorities passed in previous years. Resolutions 11 and 12 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 the potential difficulties of Shareholders attending in person, 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 93 to 95.

Ordinary Business at the Annual General Meeting

Remuneration Policy

Resolution 3 allows the Shareholders to have a binding vote on the Company's Remuneration Policy. The policy remains unchanged from that voted on by Shareholders in 2020.

Appointment of Auditors

Resolution 4 proposes the appointment of Johnston Carmichael as the Company's External Auditor for the forthcoming year and the authority proposed under resolution 5 will authorise the Directors to determine the Auditor's remuneration.

Election/re-election of Directors

Resolutions 6 to 9 will be proposed to re-elect Tim Woodcock, Charlotta Ginman and Jeremy Hamer and to elect Josephine Tubbs as Directors of the Company. The Board currently consists of five Directors, all of whom have extensive investment based backgrounds and both private and public company board level experience. The Board believes that they bring valuable skill, experience and expertise to the Company and 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. Jeremy Hamer has served in excess of nine years and has been subject to a higher degree of assessment and evaluation by the Board in recommending his re-election. As previously reported, Jocelin Harris will not seek re-election at the AGM in February 2023. A summary of the Directors' skills and experience is given in their biographies on pages 35 to 37.

Special Business at the Annual General Meeting

Allotment of shares

The authority proposed under Resolution 11 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 £492,070 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 2024.

Directors' Report (continued)

Disapplication of pre-emption rights

Resolution 12 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, £328,046, 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, 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 2024.

Authority for the Company to purchase its own shares

Resolution 13 authorises the Company to purchase up to 24,587,078 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 that are 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 2024.

At the Annual General Meeting held on 3 February 2022, Shareholders gave authority for the Company to buy back a total of 14.99% or 22,236,160 of its own shares. The Company has since repurchased and cancelled 1,670,153 shares and therefore has remaining authority to repurchase 20,566,007 shares which authority will lapse at the Annual General Meeting to be held in 2023.

By order of the Board.

ISCA Administration Services Limited

Company Secretary

13 December 2022

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 47) 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 7 February 2023, 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 57 to 63. 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 Chair 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 2022, the Board reviewed its existing remuneration levels, having considered 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 2022, as shown on page 47. As with any Board comprised solely of non-executive directors it is not possible for a Director to abstain from any discussion or decision concerning their own fees. Directors' 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 3 February 2022, the following votes were cast on the Poll voting on the Remuneration Report:

	Number of votes	% of votes cast
For	8,547,229	95.25
Against	426,685	4.75

The Remuneration Policy was last approved by the Shareholders at the Annual General Meeting held on 30 January 2020. A resolution to approve the policy for a further three years will be proposed at the AGM.

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 Chair's discretion	520,581	6.7
Total votes cast	7,735,521	100.0
Number of votes withheld	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.

Director	30 September 2022		30 September 2021	
	Shares	% of share capital	Shares	% of share capital
Tim Woodcock	30,663	0.02	30,663	0.02
Charlotta Ginman	39,198	0.02	29,058	0.02
Jeremy Hamer	30,202	0.02	30,202	0.02
Jocelin Harris	113,572	0.07	113,572	0.08
Josephine Tubbs*	nil	-	n/a	-

* Appointed 24 May 2022.

There have been no changes in the Directors' interests since 30 September 2022. 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 72.

Directors' Remuneration Report (continued)

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:

- the remuneration paid to the Directors; and
- the distributions made to Shareholders by way of dividends paid in the financial year ended 30 September 2022 and the preceding financial year.

There were no share buy-backs for Treasury.

	Year ended 30 September 2022	Year ended 30 September 2021	Change %	Year ended 30 September 2020	Change %
Total remuneration	132,169	118,300	11.7	129,751	(8.8)
Dividends paid (Note 7)	71,701,000	9,557,000	650.2	8,974,000	6.5

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 Chair, Senior Independent Director and Audit Committee Chair, respectively.

	Year ended 30 September 2022	Year ended 30 September 2021	Change %
Tim Woodcock (Chair)	33,750	32,700	3.2
Charlotta Ginman (Independent Director)	27,250	26,200	4.0
Jeremy Hamer (Audit Committee Chair)	31,750	30,700	3.4
Jocelin Harris (Senior Independent Director)	29,750	28,700	3.7
Josephine Tubbs* (Independent Director)	9,669	–	N/A
Total	132,169	118,300	
Expenses†	–	–	
	132,169	118,300	

* Appointed 24 May 2022.

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

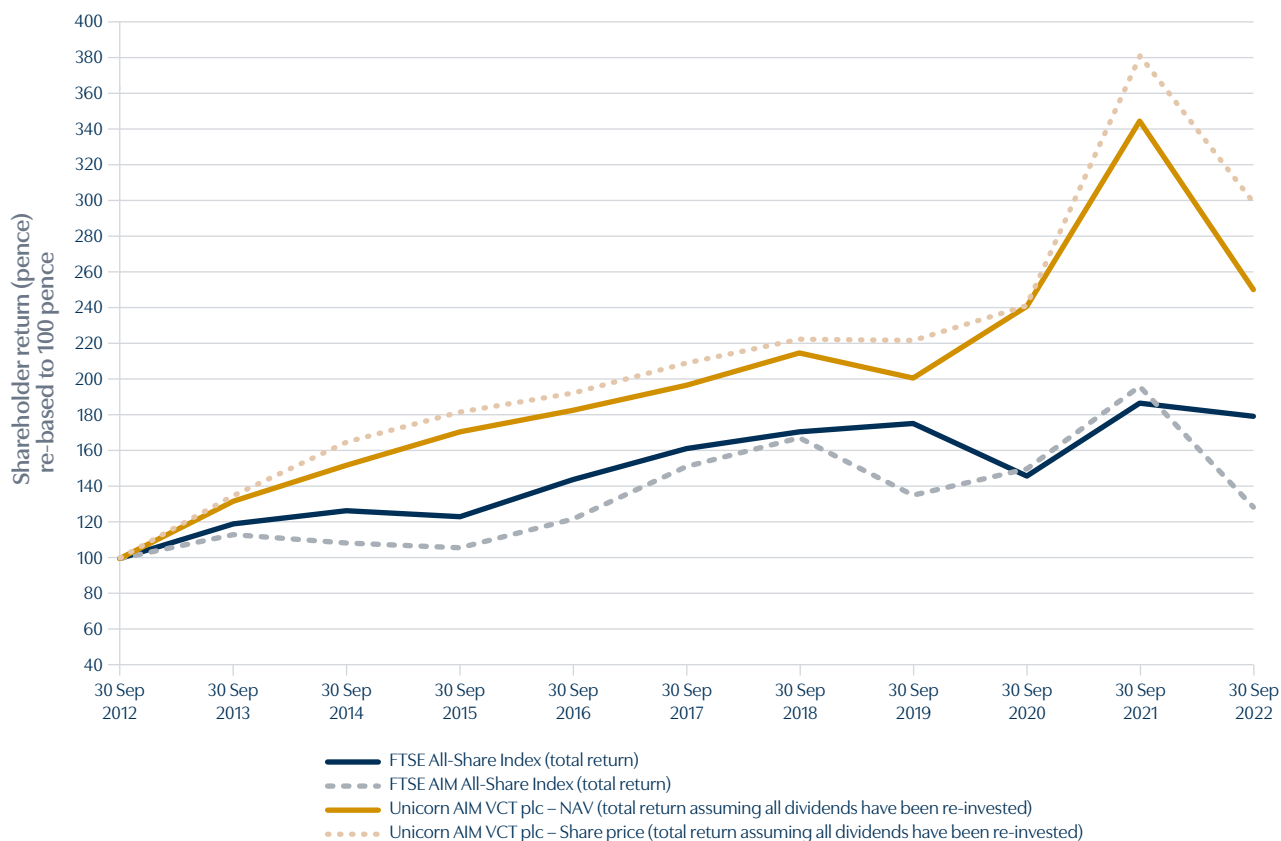
Directors' Remuneration Report (continued)

Total Shareholder return performance graph

The following graph charts the total cumulative shareholder return of the Company since 30 September 2012 (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 Ordinary shares



An explanation of the performance of the Company is given in the Strategic Report on pages 2 to 34.

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 and a resolution to approve the Remuneration Policy is being proposed at the forthcoming Annual General Meeting.

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 2023.

Role	2023*	2022	% Increase
Non-executive Director basic fee	28,750	27,250	5.5
Additional fees			
– Chair	6,500	6,500	–
– Chair of Audit Committee	4,500	4,500	–
– Senior Independent Director	2,500	2,500	–

* 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 2022 to the amounts shown above, an increase of 5.5% of basic fees.

The remuneration policy is stated above.

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 forthwith 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

13 December 2022

Corporate Governance Statement

The Directors have adopted the AIC Code published in February 2019 for the financial year ended 30 September 2022. 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

Until 24 May 2022 and the appointment of Josephine Tubbs, the Board consisted of four non-executive Directors, and five following Josephine Tubbs' appointment. Each brings a range of relevant expertise, experience and judgement to the Board. Jocelin Harris is the Senior Independent Director. After Mr Harris steps down from the Board at the AGM in February 2023, Charlotta Ginman will become the Senior Independent Director. The Directors believe that this structure is right for the Company given its current size and the nature of its business.

Should Shareholders wish to contact the Board they should initially contact the Company Secretary. Shareholders may then contact the Senior Independent Director if they have concerns which have failed to be resolved through the Chair or Investment Manager or where such contact is inappropriate.

Details of the Directors' other significant time commitments are disclosed on pages 35 to 37 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 Chair, 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 unquoted securities in the Company's portfolio. The Directors also held a strategy meeting during the year, without the service providers attending.

Corporate Governance Statement (continued)

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
Joséphine Tubbs	2/2	2/2

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

Jeremy Hamer has served longer than nine years, however, the Board considers that he remains independent of the Investment Manager as he continues 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 or election at their first AGM 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 (stepping down at AGM)	25 April 2006
Joséphine Tubbs	24 May 2022

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 35 to 37.

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

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

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

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 Chair fully meets the independence criteria as set out in the AIC Code. The effectiveness of the Board and the Chair 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 Audit 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 Chair 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 for Subscription that may be agreed by the Board.

Corporate Governance Statement (continued)

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. Upcoming regulation applicable from April 2023 will require a Company to report on a comply or explain basis against three key indicators. 40% of the Board should be comprised of women, the Company meets this requirement at the year end and the percentage of women will represent 50% of the Board once Jocelin Harris retires at the AGM. When Charlotta Ginman is appointed as the Senior Independent Director after the AGM, this will meet the requirement that one senior board position is held by a woman. Although not currently meeting the requirement that one Director should be from an ethnic minority background this is something the Board will be mindful of in any future recruitment, providing a suitable candidate possesses the key skills and experience required for the position.

From the beginning of the year until May 2022 the Board consisted of three males and one female. When Josephine Tubbs joined the Board, the Board consisted of three male and two female Directors. All Directors identified themselves as caucasian by ethnic background.

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 quoted investments.

At 30 September 2022, officers and employees of the Investment Manager held 1,482,754 shares in the Company.

The Investment Manager has adopted a proactive approach to vote at all general meetings of investee companies. Institutional Shareholder Services have been engaged by the Investment Manager to advise on voting matters in accordance with their Proxy Voting Guidelines with particular focus on Environmental, Social, and Governance criteria. In reaching a final decision

on voting, the aims and objectives of the Company will take precedence when voting. The Investment Manager has voted against 11% of resolutions during the year, largely relating to Board independence, remuneration packages and governance.

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 19, the Financial Highlights on page 1 and the Financial Performance Review on pages 20 and 21. Details of the management fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 71. 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 72.

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:

Corporate Governance Statement (continued)

Revised Guidance for Directors as issued by the Financial Reporting Council. 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 Board;
- bank reconciliations are carried out daily by the Administrator;
- the Board has procedures in place for the approval of expenses and payments to third parties;
- the Committee reviews the monthly investment and net asset value reports, quarterly management accounts and underlying notes to those accounts, and other RNS announcements as necessary;

- the Annual and Half-Yearly Reports are reviewed separately by the Committee prior to consideration by the Board; and
- the Board reviews all financial information prior to publication.

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

The procedure for regular interim and full year reviews of control systems has been in place and operational throughout the year under review. The last formal annual review took place on 29 November 2022. 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.

Corporate Governance Statement (continued)

Share capital and voting rights

Details of the Company's share capital can be found on page 40 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 2023 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 on pages 42 and 43.

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 Chair of the Audit Committee and the Investment Manager at the AGM. For the 2023 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.

For the AGM, all proxy votes are counted to ensure all Shareholders, whether present at the AGM or not, are able to vote on the resolutions. At the AGM the Chair 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 21 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

13 December 2022

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, the Registrar 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 met four times this 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, along with the External Auditor, updates the Committee with changes in relevant legislation. Quarterly meetings are 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 the 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 appointment of Johnston Carmichael as the Company's External Auditor;
- having significantly upgraded the risk monitoring processes last year we have re-assessed all risks on a quarterly basis during the year – please refer to later in this report;
- reviewed the internal controls of our service providers;
- reviewed the capital adequacy of the Investment Manager;

- 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; 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 no further permanent impairment was necessary, 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. 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 whether 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 to its viability 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.

In each of our last three risk reviews the Committee has found it necessary to 'heighten' the risks in certain areas. In both February and May we moved our concern over 'Economic and Political' risk upwards, reaching the highest concern level in May. In our terms this meant the likelihood of disruption was 'likely' and the impact would be 'severe'.

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. This was also confirmed by the Registrar.

The Committee Chair has spoken to 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 33 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 reviewed the 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. In addition, control reports were received from the Registrar. This focus continues.

Audit Committee Report (continued)

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 48.

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;
- demonstrated a proactive approach to the audit planning process, engaging with the Committee Chair 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 at an Audit Strategy meeting held before the commencement of the year-end audit.

BDO has now served 21 years as Auditor and the Company is required to go out to tender. As a result, during the year the Committee put our audit out to tender and an audit proposal questionnaire was prepared and sent to 6 potential audit firms of which 3 declined the opportunity while 3 others attended individual meetings with the Audit Committee to present their proposals. The key criteria used in selecting the new Auditor included: experience of the firm in the VCT sector and the experience of the partner and staff. After due consideration and some referencing we offered the role to Johnston Carmichael, an Edinburgh-based audit firm who specialise in investment community work. Johnston Carmichael are part of the Moore Global Network. They will take up their position following the AGM in February 2023.

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 2023, Johnston Carmichael be appointed as the External Auditor of the Company for the forthcoming year.

Jeremy Hamer

Audit Committee Chair

13 December 2022

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 loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board:

Tim Woodcock

Chair

13 December 2022

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 2022 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Unicorn AIM VCT Plc (the 'Company') for the year ended 30 September 2022 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 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 21 years, covering the years ending 30 September 2002 to 30 September 2022 and therefore the last year we can act as auditor before a mandatory rotation is required is 30 September 2023 due to transitional arrangements applied which allows us to act as an 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 market volatility and the present uncertainty in economic recovery and geo-political unrest;
- reviewing the Directors' assessment, corroborating inputs used in the assessment to supporting documentation; and
- challenging Directors' assumptions and judgements made in their forecasts by performing an independent analysis of the liquidity of the portfolio.

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

		2022	2021
Key audit matters	Valuation and ownership investments	✗	✓
	Valuation and ownership of listed investments and valuation of unlisted investments*	✓	✗
	Revenue recognition	✓	✓
Materiality	Financial Statements as a whole £2m (2021: £3.6m) based on 1% (2021: 1%) of invested assets i.e. non-current asset investments		

* Due to the limited number held, ownership of unlisted investments was not considered to be a Key Audit Matter in the year.

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

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.

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
<p>Valuation and ownership of listed investments and valuation of unlisted investments (notes 1 and 9)</p> <p>Listed investments is the most significant balance in the Financial Statements and is a primary driver of returns to Shareholders.</p> <p>The unlisted investments, while smaller in value have a high level of estimation uncertainty involved in determining their valuations.</p> <p>The Investment Manager's fee is based on the value of the net assets of the Company. The Investment Manager is responsible for preparing the valuation of listed and unlisted investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations.</p> <p>Therefore, valuation and ownership of listed investments and valuation of unlisted investments were considered to be significant risks and a key audit matter.</p>	<p>We responded to this matter by testing the valuation and ownership of the listed portfolio of investments and the valuation of the unlisted investments. Our procedures included the following:</p> <p>In respect of all listed investments we have:</p> <ul style="list-style-type: none"> • confirmed that 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 from the custodian regarding ownership of all investments held at the balance sheet date. <p>For a sample of unquoted investments that were valued using price of recent investment, for changes in fair value we:</p> <ul style="list-style-type: none"> • verified the price of recent investment to supporting documentation; • considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company; • considered whether there were any indications that the price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and • considered whether the price of recent investment is supported by alternative valuation techniques as well as the time elapse/calibration since the investment round.

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

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation and ownership of listed investments and valuation of unlisted investments (notes 1 and 9)</p> <p>Listed investments is the most significant balance in the Financial Statements and is a primary driver of returns to Shareholders.</p> <p>The unlisted investments, while smaller in value have a high level of estimation uncertainty involved in determining their valuations.</p> <p>The Investment Manager's fee is based on the value of the net assets of the Company. The Investment Manager is responsible for preparing the valuation of listed and unlisted investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations.</p> <p>Therefore, valuation and ownership of listed investments and valuation of unlisted investments were considered to be significant risks and a key audit matter.</p>	<p>For a sample of unquoted investments that were valued using revenue multiples we:</p> <ul style="list-style-type: none"> • challenged and corroborated the inputs to the valuation with reference to the management information of investee companies, market data and our own understanding. We assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements; • reviewed the historical Financial Statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations; • considered the multiples applied by reference to observable listed company market data; • considered the reasonableness of the discounts applied by reference to the investee company and our sector knowledge; and • challenged the consistency and appropriateness of adjustments made to market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. <p>Where appropriate, we performed stress tests to determine where the movement becomes material as well as sensitivity analysis by developing our own point estimate. We considered acceptable ranges of valuations where we considered alternative input assumptions that could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias.</p> <p>Key observations</p> <p>Based on the procedures performed we did not identify any indications to suggest that the valuation and ownership of the listed portfolio of investments or that the valuation of the unlisted portfolio of investments was inappropriate.</p>

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

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition (notes 1 and 2) One of the Company's investment objectives is to achieve returns from dividends which can be unpredictable.</p> <p>Judgement is required in the allocation of income to revenue or capital and in considering the appropriateness of the recognition of any accrued income.</p> <p>We therefore considered the fraud risks in revenue recognition to relate to the existence and presentation of revenue.</p> <p>Since income is a key factor in demonstrating the returns for investments and taking into consideration the matters set out above, this was considered to be a key audit matter.</p>	<p>Our procedures included the following:</p> <p>We derived an independent expectation of revenue based on the investment holding and information on distributions for the period 1 October 2021 to 30 September 2022, obtained from an independent source.</p> <p>We have also cross-checked the portfolio against special dividends to challenge if these have been appropriately accounted for as income or capital.</p> <p>We analysed the population of dividend receipts for indication of a capital distribution by inspecting for dividends with a yield higher than a defined percentage.</p> <p>We agreed a sample of recorded dividend income receipts to bank statements.</p> <p>For a sample of accrued income we determined whether the ex-date fell within the current year and whether the balance received was in line with that which was expected, given the holdings and the dividend rate.</p> <p>Key observations Based on our procedures performed we did not identify any matter to suggest that revenue recognised was inappropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the Financial Statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements 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	
	2022 £m	2021 £m
Materiality	2.0	3.6
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	1.4	2.5
Basis for determining performance materiality	70% of materiality (2021: 70% of materiality) based on our knowledge and experience of the audited entity considering the limited number of accounts which have estimation uncertainty.	

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

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 £200,000 (2021: £300,000) based on 4% (2021: 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 £10,000 (2021: £15,000). 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 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.

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 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

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

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	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> 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.

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.

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

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 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 and fraud.

Our procedures included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with Governance of whether they were aware of any actual, suspected or alleged non-compliance with laws and regulations or fraud during the period;
- review of minutes of board meetings throughout the period for any reference to actual, suspected or alleged non-compliance with laws and regulations or fraud during 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.

We considered the fraud risk areas to be the valuation of investments and ownership of listed investments, revenue recognition and management override of controls.

Our procedures included:

- the procedures set out in the Key Audit Matters section above;

- in addressing the risk of management override of internal controls we tested a sample of journals based on risk criteria and agreed these journals to supporting documentation and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud;
- recalculating the total investment management fees for the year; and
- obtaining independent confirmation of all bank balances.

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.

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

13 December 2022

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

Income Statement

for the year ended 30 September 2022

	Notes	Year ended 30 September 2022			Year ended 30 September 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised (losses)/gains on investments	9	–	(113,641)	(113,641)	–	109,078	109,078
Net gains on realisation of investments	9	–	12,771	12,771	–	6,741	6,741
Income	2	1,753	–	1,753	1,717	317	2,034
Investment management fees	1f&3	(1,322)	(3,965)	(5,287)	(1,515)	(4,544)	(6,059)
Other expenses	4	(771)	–	(771)	(733)	–	(733)
(Loss)/profit on ordinary activities before taxation		(340)	(104,835)	(105,175)	(531)	111,592	111,061
Tax on (loss)/profit on ordinary activities	6	–	–	–	–	–	–
(Loss)/profit on ordinary activities after taxation for the financial year		(340)	(104,835)	(105,175)	(531)	111,592	111,061
Basic and diluted earnings per share: Ordinary shares	8	(0.22)p	(67.10)p	(67.32)p	(0.36)p	75.39p	75.03p

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 July 2022 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 (loss)/profit as stated above and at historical cost.

The notes on pages 68 to 85 form part of these Financial Statements.

Statement of Financial Position

as at 30 September 2022

Company number 04266437

	Notes	30 September 2022		30 September 2021	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value	9		198,541		368,599
Current assets					
Debtors	11	515		454	
Cash and cash equivalents		23,751		3,642	
		24,266		4,096	
Creditors: amounts falling due within one year	12	(1,681)		(1,897)	
Net current assets			22,585		2,199
Net assets			221,126		370,798
Capital					
Called up share capital	13		1,640		1,491
Capital redemption reserve			113		88
Share premium account			85,063		53,602
Capital reserve			55,038		222,185
Special reserve			68,338		87,659
Profit and loss account			10,934		5,773
Equity Shareholders' funds			221,126		370,798
Net asset value per Ordinary share:					
Ordinary shares	15		134.81p		248.55p

The Financial Statements were approved and authorised for issue by the Board of Directors on 13 December 2022 and were signed on their behalf by:

Tim Woodcock
Chair

The notes on pages 68 to 85 form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 30 September 2022

	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 2021	1,491	88	53,602	222,185	87,659	5,773	370,798
Shares repurchased and cancelled (see Note 13)	(25)	25	–	–	(4,440)	–	(4,440)
Shares issued under Offer for Subscription (see Note 13)	127	–	24,868	–	–	–	24,995
Expenses of shares issued under Offer for Subscription (see Note 14)	–	–	(587)	–	–	–	(587)
Proceeds from DRIS share issues	47	–	7,212	–	–	–	7,259
Expenses of DRIS share issues	–	–	(32)	–	–	–	(32)
Transfer to special reserve	–	–	–	–	(4,872)	4,872	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	12,771	12,771
Realisation of previously unrealised valuation movements	–	–	–	(53,506)	–	53,506	–
Net decreases in unrealised valuations in the year	–	–	–	(113,641)	–	–	(113,641)
Dividends paid (Note 7)	–	–	–	–	(10,009)	(61,683)	(71,692)
Investment Management fee charged to capital	–	–	–	–	–	(3,965)	(3,965)
Revenue return for the year	–	–	–	–	–	(340)	(340)
At 30 September 2022	1,640	113	85,063	55,038	68,338	10,934	221,126
At 1 October 2020	1,457	56	38,320	117,421	98,434	4,518	260,206
Shares repurchased 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

* 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 68 to 85 form part of these Financial Statements.

Statement of Cash Flows

for the year ended 30 September 2022

	Notes	30 September 2022		30 September 2021	
		£'000	£'000	£'000	£'000
Operating activities					
Investment income received		1,609		1,951	
Investment management fees paid		(5,831)		(5,651)	
Other cash payments		<u>(778)</u>		<u>(742)</u>	
Net cash outflow from operating activities	16		(5,000)		(4,442)
Investing activities					
Purchase of investments	9	(9,813)		(29,494)	
Sale of investments	9	<u>79,022</u>		<u>16,838</u>	
Net cash inflow/(outflow) from investing activities			69,209		(12,656)
Net cash inflow/(outflow) before financing			64,209		(17,098)
Financing					
Dividends paid	7	(64,433)		(8,768)	
Shares issued under Offer for Subscription (net of transaction costs)	14	24,407		14,417	
Expenses of DRIS share issues		(32)		(32)	
Shares repurchased for cancellation	13	<u>(4,042)</u>		<u>(6,264)</u>	
Net cash outflow from financing			(44,100)		(647)
Net increase/(decrease) in cash and cash equivalents			20,109		(17,745)
Cash and cash equivalents at 30 September 2021			<u>3,642</u>		<u>21,387</u>
Cash and cash equivalents at 30 September 2022			<u>23,751</u>		<u>3,642</u>

The notes on pages 68 to 85 form part of these Financial Statements.

Notes to the Financial Statements

for the year ended 30 September 2022

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 July 2022.

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

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

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

b) 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 2022, the Company held cash balances of £23.7 million, £6.1 million in fully listed stocks and £3.3 million in the Unicorn Ethical OEIC fund. 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, 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.

c) Presentation of the Income Statement

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

d) 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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

- 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.

e) Income

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

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

f) 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.

g) 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.

h) 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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

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.

i) Cash and cash equivalents

This includes cash at bank and in hand.

j) 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 majority of the Company's equity investments and OEICs, £177.4 million at the year end, are valued using bid market prices and do not require significant estimates to be used. However, significant estimates are used in valuing unquoted investments, £21.1 million at the year end, where there is no available market price. These estimates have a risk of material adjustment within the next year. A more detailed analysis of the valuation methods used is shown in Note 17 on pages 84 and 85.

Significant estimates are not used in valuing the Company's other net current assets and liabilities, £22.6 million at the year end.

2. Income

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income from investments						
– equities	1,525	–	1,525	1,465	317	1,782
– loan stocks	–	–	–	37	–	37
– bank interest	27	–	27	2	–	2
– Unicorn managed OEICs (including reinvested dividends)	201	–	201	213	–	213
Total income	1,753	–	1,753	1,717	317	2,034
Total income comprises:						
Dividends	1,726	–	1,726	1,678	317	1,995
Interest	27	–	27	39	–	39
	1,753	–	1,753	1,717	317	2,034
Income from investments comprises:						
Listed UK securities	248	–	248	422	317	739
Unlisted UK securities (AIM and unquoted companies)	1,505	–	1,505	1,295	–	1,295
	1,753	–	1,753	1,717	317	2,034

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

3. Investment Management fees

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unicorn Asset Management Limited	<u>1,322</u>	<u>3,965</u>	<u>5,287</u>	<u>1,515</u>	<u>4,544</u>	<u>6,059</u>

The Management fee is calculated 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 2022, officers and employees of the Investment Manager held 1,482,754 shares in the Company.

During the year, Unicorn Asset Management Limited ("UAML") received an annual management fee, as detailed above, of the net asset value of the Company, excluding the value of the investments in the OEICs.

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 2022, UAML also earned fees of £36,000 (2021: £52,000), being OEIC management fees calculated on the value of the Company's holdings in each OEIC on a daily basis. This management fee is 0.75% per annum of the OEIC value for each of Unicorn UK Ethical Fund OEIC and, until sold, Unicorn UK Smaller Companies OEIC and Unicorn UK Growth OEIC (formerly Unicorn Free Spirit 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 2021/22 or the prior year.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

4. Other expenses

	2022 £'000	2021 £'000
Directors' remuneration (see Note 5 below)	132	118
IFA trail commission	50	148
Administration services	182	175
Broker's fees	14	14
Custody fees	53	50
Loan stock interest impaired	72	–
Auditors' fees		
– for audit related services pursuant to legislation excluding VAT	53	45
VCT compliance monitoring fees	20	19
Other professional fees (including taxation fees)	28	16
Directors' and officers' insurance	9	6
Registrar's fees	44	48
Printing	35	26
Sundry	79	68
	<u>771</u>	<u>733</u>

5. Directors' remuneration

	2022 £'000	2021 £'000
Directors' emoluments		
Tim Woodcock	34	33
Charlotta Ginman	27	26
Jeremy Hamer	32	31
Jocelin Harris	30	28
Josephine Tubbs (appointed 24 May 2022)	9	–
	<u>132</u>	<u>118</u>

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 2022

6. Taxation on ordinary activities

a) Analysis of tax charge in the year

	2022 £'000	2021 £'000
Current and total tax charge (Note 6b)	–	–

b) Factors affecting tax charge for the year:

	2022 £'000	2021 £'000
(Loss)/profit on ordinary activities before tax	(105,175)	111,061
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(19,983)	21,102
Non-taxable UK dividend income	(328)	(379)
Non-taxable unrealised losses/(gains)	21,592	(20,725)
Non-taxable realised gains	(2,426)	(1,281)
Allowable expense not charged to revenue	753	863
Deferred tax not recognised	392	420
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(753)	(863)
Additional losses carried forward to future years	753	863
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 £48,919,000 (30 September 2021: £42,888,000).

The UK government announced an increase in the main rate of corporation tax to 25% for the financial years beginning 1 April 2023. This new rate was substantively enacted by Finance Act 2021 on 10 June 2021.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

7. Dividends

	2022 £'000	2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim capital dividend of 3.0 pence (2021: 3.0 pence) per share for the year ended 30 September 2022 paid on 11 August 2022	4,809	4,484
Special interim capital dividend of 32.0 pence (2021: nil pence) per share for the year ended 30 September 2022 paid on 11 August 2022	51,292	–
Final capital dividend of 3.5 pence (2021: 3.5 pence) per share for the year ended 30 September 2021 paid on 10 February 2022	5,200	5,073
Special interim capital dividend of 7.0 pence (2021: nil pence) per share for the year ended 30 September 2022 paid on 10 February 2022	10,400	–
Total dividends paid in the year*	71,701	9,557
Unclaimed dividends returned	(9)	(4)
Total dividends	71,692	9,553

* The difference between total dividends and that shown in the Cash Flow Statement is £7,259,000, 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 2021/22 financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

	2022 £'000	2021 £'000
Loss for the year	(340)	(531)
Proposed final income dividend of nil pence (2021: nil pence) for the year ended 30 September 2022	–	–

8. Basic and diluted earnings and return per share

	2022	2021
Total earnings after taxation: (£'000)	(105,175)	111,061
Basic and diluted earnings per share (Note a) (pence)	(67.32)	75.03
Net revenue from ordinary activities after taxation (£'000)	(340)	(531)
Revenue earnings per share (Note b) (pence)	(0.22)	(0.36)
Total capital return (£'000)	(104,835)	111,592
Capital earnings per share (Note c) (pence)	(67.10)	75.39
Weighted average number of shares in issue during the year	156,227,923	148,025,648

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 2022

9. Investments at fair value

	Fully listed £'000	Traded on AIM £'000	Unlisted shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	2022 Total £'000	2021 Total £'000
Opening 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	–	(3,980)	(3,095)	–	–	(7,075)	(7,186)
Opening valuation at 30 September 2021	14,083	270,011	76,428	500	7,577	368,599	239,566
Shares delisted	–	(3)	3	–	–	–	–
Purchases at cost	–	9,813	–	–	16	9,829	29,517
Sale proceeds	(6,259)	(13,496)	(56,130)	–	(3,137)	(79,022)	(16,314)
Net realised gains/(losses) recognised in year	6	(35)	12,903	–	(98)	12,776	6,752
Decrease in unrealised gains	(1,748)	(98,283)	(12,142)	(375)	(1,093)	(113,641)	109,078
Closing valuation at 30 September 2022	6,082	168,007	21,062	125	3,265	198,541	368,599
Book cost at 30 September 2022	8,357	122,935	14,303	500	4,483	150,578	153,489
Unrealised (losses)/gains at 30 September 2022	(2,275)	47,514	11,392	(375)	(1,218)	55,038	222,185
Permanent impairment in value of investments (see note)	–	(2,442)	(4,633)	–	–	(7,075)	(7,075)
Closing valuation at 30 September 2022	6,082	168,007	21,062	125	3,265	198,541	368,599

Transaction costs on the purchase and disposal of investments of £5,000 were incurred in the year. These have not been deducted from realised gains shown above of £12,776,000, but have been deducted in arriving at gains on realisation of investments disclosed in the Income Statement of £12,771,000.

The shares delisted during the year relate to Kellan Group.

Note: Permanent impairments of £7,075,000 held in respect of losses on investments remain unchanged from the previous year end.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flows is £16,000 which represents the reinvested dividends on the Unicorn Ethical Fund.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

10. Significant interests

At 30 September 2022, 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	4,000	–	4,000	18.2
Aurrigo International	3,000	–	3,000	15.0
ECSC Group	2,420	–	2,420	14.5
LightwaveRF	2,616	–	2,616	14.4
Microsaic Systems	2,175	–	2,175	11.8
nkoda Limited	2,500	–	2,500	10.9
PHSC	253	–	253	10.5
Surface Transforms	3,164	–	3,164	9.1
Directa Plus	4,610	–	4,610	8.9
Dillistone Group	1,078	–	1,078	8.1
Anpario	1,422	–	1,422	7.8
Heartstone Inns	1,112	–	1,112	7.3
Immotion Group	2,250	–	2,250	7.0
LungLife AI	3,080	–	3,080	6.9
Engage XR Holdings	2,084	–	2,084	6.5
Falanx Group	1,500	–	1,500	6.3
Avingtrans	1,864	–	1,864	6.1
SulNOx Group	1,700	–	1,700	6.0
Phynova Group	1,500	–	1,500	5.9
Smooove	1,500	–	1,500	5.8
Destiny Pharma	2,500	–	2,500	5.6
Tracsis	1,500	–	1,500	5.6
Hardide	2,054	–	2,054	5.4
Fusion Antibodies	1,160	–	1,160	5.4
Belvoir Group	2,362	–	2,362	5.4
Access Intelligence	3,159	–	3,159	5.1
Verici DX	2,125	–	2,125	4.7
Trackwise Designs	1,750	–	1,750	4.4
Verditek	1,500	–	1,500	4.2
Trellus Health	2,500	–	2,500	3.9
Arecor Therapeutics	2,778	–	2,778	3.9
Tristel	878	–	878	3.5
Touchstar	338	–	338	3.4
Bonhill Group	3,160	–	3,160	3.2
Driver Group	1,113	–	1,113	3.1
PCI-PAL	900	–	900	3.1
Totally	3,106	–	3,106	3.1
Osirium Technologies	2,000	500	2,500	3.0

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

At 30 September 2022, the Company held 15.2% of the Income B shares issued by the Unicorn UK Ethical Income Fund. Unicorn UK Ethical Income Fund is a sub-fund of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

Details in relation to Hasgrove, in which the Company owns 24.5% of the equity, are shown on page 19.

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 12 to 18 of this Report.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

11. Debtors

	2022 £'000	2021 £'000
Amounts due within one year:		
Prepayments and accrued income	515	454
	<u>515</u>	<u>454</u>

12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Accruals	1,283	1,897
Shares purchased for cancellation	398	–
	<u>1,681</u>	<u>1,897</u>

13. Called up share capital

	2022 £'000	2021 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 164,023,203 (2021: 149,185,118)	<u>1,640</u>	<u>1,491</u>

During the year, the Company made purchases of 2,515,309 (a total of £25,153 nominal value) of its own Ordinary shares for a total cost of £4,440,000 representing 1.7% of the opening share capital. The difference between the buy backs and that shown in the Cash Flow Statement of £4,042,000 is the creditor outstanding at the year end as shown in note 12.

In January 2022, the Company announced an Offer for Subscription which remained open until 8 February 2022. The Company allotted 12,647,039 Ordinary shares representing 8.5% of the opening share capital at prices ranging from 197.24 pence per share to 204.08 pence per share, raising net funds of £24,408,000 from gross funds raised of £24,995,000.

During the year, the Company allotted 4,706,355 Ordinary shares at an average price of 154.24 pence per share under the DRIS.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

14. Reserves

The full details of the changes in reserves are shown in the Statement of Changes in Equity on page 66.

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 £907,000.

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 £24,407,000 being shares issued under the Offer for Subscription of £24,995,000, less expenses of shares issued under the Offer for Subscription. Total expenses were £587,000, 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 £1,000 is the amount due from the promoter at the year end.

15. Net asset value

	2022	2021
Net Assets	£221,126,000	£370,798,000
Number of shares in issue	<u>164,023,203</u>	<u>149,185,118</u>
Net asset value per share	134.81p	248.55p

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

	2022 £'000	2021 £'000
(Loss)/profit for the year	(105,175)	111,061
Net unrealised losses/(gains) on investments	113,641	(109,078)
Net gains on realisation of investments	(12,771)	(6,741)
Transaction costs	(5)	(11)
Increase in debtors and prepayments	(61)	(62)
(Decrease)/increase in creditors and accruals	(613)	412
Reconciling items – dividends reinvested	<u>(16)</u>	<u>(23)</u>
Net cash outflow from operating activities	<u>(5,000)</u>	<u>(4,442)</u>

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

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 2022. All assets are included in the Statement of Financial Position at fair value and all liabilities at amortised cost which equates to fair value.

	2022 (Book and fair value) £'000	2021 (Book and fair value) £'000
Assets at fair value through profit or loss:		
Investment portfolio	198,541	368,599
Loans and receivables		
Accrued income	493	437
Cash at bank	23,751	3,642
Liabilities at amortised cost or equivalent		
Creditors	<u>(1,681)</u>	<u>(1,897)</u>
Total for financial instruments	221,104	370,781
Non-financial instruments	<u>22</u>	<u>17</u>
Total net assets	<u>221,126</u>	<u>370,798</u>

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 (76.0% of net assets), within the OEIC fund managed by UAML (1.5% of net assets), unquoted investments 9.6% of net assets) and fully listed shares (2.7% 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. Whilst there have been no changes in the nature of these risks that the Company has faced during the past year, there has been a growing escalation in the sensitivity of each risk. 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.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

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 2022 was:

	2022 £'000	2021 £'000
Loan stock investments	125	500
Accrued income and other debtors	493	437
Cash at bank	23,751	3,642
	<u>24,369</u>	<u>4,579</u>

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

	2022 £'000	2021 £'000
Repayable or converting within		
0 to 1 year	–	–
1 to 2 years	–	–
2 to 3 years	125	–
3 to 4 years	–	500
4 to 5 years	–	–
Total	<u>125</u>	<u>500</u>

Liquidity Risk: The Company's investments in the equity and loan stocks of unlisted and AIM listed companies and its OEIC holding are thinly traded and as such the prices tend to be 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.

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

	2022 £'000	2021 £'000
Within 1 year or less	<u>1,681</u>	<u>1,897</u>

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 investment 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.

Inflation Risk: The current higher level of inflation may have a severe impact on the performance of investee companies.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

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 an investment totalling £3.3 million (2021: £7.6 million) in the Unicorn UK Ethical Fund managed by UAML.

The Unicorn UK Ethical Fund is diversified across a number of holdings with 100% invested in AIM and fully listed companies, or held in cash and as such, is exposed to overall market risk.

As at 30 September 2022, the Unicorn UK Ethical Income Fund contained 22.1% in AIM shares and 69.0% in fully listed stocks with an average market capitalisation of £1.3 billion. In addition, 8.9% was held in cash.

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 A 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 2022

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2022 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	195,151	–	–	195,151	N/A	N/A
Unicorn OEIC	3,265	–	–	3,265	N/A	N/A
Loan stocks	125	–	–	125	N/A	2.1
Cash	–	–	23,751	23,751	N/A	N/A
Debtors	493	–	–	493	N/A	N/A
Creditors	(1,681)	–	–	(1,681)	N/A	N/A
Total for financial instruments	197,353	–	23,751	221,104		
Other non financial assets	22	–	–	22		
Total net assets	197,375	–	23,751	221,126		

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 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 2022

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 investment in the OEIC managed by UAM is 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 81 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 UAML managed OEIC 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.

	2022 Profit and net assets	2021 Profit and net assets
If overall share prices rose/fell by 20% (2021: 20%), with all other variables held constant		
– increase/(decrease) (£'000)	39,683/(39,683)	73,620/(73,620)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (pence)	24.19/(24.19)	49.35/(49.35)
If interest rates were 5% higher/(lower) (2021: 1%), with all other variables held constant		
– increase/(decrease) (£'000)	1,194/(0)	41/(5)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (pence)	0.72/(0.00)	0.03/(0.00)

Fair value hierarchy

The table below sets out fair value measurements using FRS 102 s34.22 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 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	174,089	–	21,062	195,151
Loan stock investments	–	–	125	125
Open ended investment companies	3,265	–	–	3,265
Total	177,354	–	21,187	198,541

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

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 2022

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset 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. The British Honey Company was suspended during the year but has not been moved to Level 3.

	Equity Investments £'000	Loan stock investments £'000	Total £'000
Opening balance at 1 October 2021	76,428	500	76,928
Shares delisted	3	–	3
Purchases	–	–	–
Sales	(56,130)	–	(56,130)
Total gains included in gains/(losses) on investments in the Income Statement:			
– on assets sold	12,903	–	12,903
– on assets held at the year end	(12,142)	(375)	(12,517)
Closing balance at 30 September 2022	21,062	125	21,187

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

	30 September 2022 £'000	30 September 2021 £'000
Investment valuation methodology		
Cost (reviewed for impairment)	125	500
Net asset value	2,155	1,364
Earnings multiple	18,907	72,376
Discounted equity value	–	2,688
	21,187	76,928

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

The valuation of unquoted investments is reviewed by the Board at each quarter end. The valuation methodology used may change for each investment which could result in a material adjustment within the next year to the valuations above.

Details of unquoted investments are shown in the Investment Portfolio Summary on pages 17 and 18 and in the Unquoted Investments Summary on page 19.

Notes to the Financial Statements (continued)

for the year ended 30 September 2022

Unquoted investments – fair value sensitivity analysis

	Base Case – Average	Sensitivity Range
EV/EBITDA Multiple (x)	17.6x	15.9x – 19.4x
Total Discount Factor (%)	55%	50% – 60%

The unquoted investments held by the Company have been reviewed in order to identify whether changing inputs to reasonably possible alternative assumptions would result in a significant change to the Fair Value measurement. Where relevant, the sensitivity analysis includes the most prudent assumptions (downside case) and the most optimistic assumptions (upside case). Applying the downside case assumptions, the total value of the unquoted investments would decline by £3.7 million (-17.4%) to £17.5 million. Applying the upside case assumptions, the total value of the unquoted investments would increase by £4.1 million (+19.2%) to £25.3 million. Total discount factor is defined as the aggregate percentage discount applied due to the risks from illiquidity and other risks (principally smaller company risk) when calculating the Fair Value of an unquoted investment.

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 buy backs of 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 25, 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 Company has one reportable segment and one operating segment which operates wholly in the United Kingdom.

20. Post balance sheet events

On 8 December 2022, the Company announced an Offer for Subscription as detailed in the Chair's Statement on page 3.

21. Related party transactions

Details of the relationships between the Directors of the Company and Investee Companies are given in their biographies on pages 35 to 37.

22. Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 30 September 2022 (2021: 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 by an RNS release.

Dividend

The Directors have proposed a final dividend of 3.5 pence per share. Subject to Shareholder approval, the dividend will be paid on 14 February 2023 to Shareholders on the Register on 6 January 2023.

The Board has previously decided the Company will 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 90. 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 2022	Circulation of Annual Report for the year ended 30 September 2022 to Shareholders
6 January 2023	Record date for Shareholders to be eligible for final dividend
7 February 2023	Annual General Meeting
14 February 2023	Payment date for final dividend subject to Shareholder approval at the Annual General Meeting
31 March 2023	Half-year end
May 2023	Announcement of Half-Yearly Results
June 2023	Circulation of Half-Yearly Report for the six months ending 31 March 2023 to Shareholders
August 2023	Payment of interim dividend
30 September 2023	Year end
December 2023	Announcement of final results for the year ending 30 September 2023

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.

Shareholder Information (continued)

Annual General Meeting

The twenty-first Annual General Meeting (AGM) of the Company will be held on 7 February 2023. It is hoped that Shareholders will be able to attend this meeting in person, arrangements for the meeting are detailed on pages 41 and 42. Voting on all Resolutions will be conducted on a poll including all proxy votes submitted. The Notice of the Meeting is included on pages 91 to 95 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 3 February 2023. Please note that you can vote your shares electronically at <https://proxy-unicorn.cpip.io/>.

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 in person or 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 Tuesday 31 January 2023.

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 22 and 23.

Cumulative dividends paid

The total amount of dividend distributions paid by the Company, since 30 September 2012.

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 £50,000 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 Aquis 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 limited 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 12 to 18.

Corporate Information

Directors (all non-executive)

Tim Woodcock (Chair)
Charlotta Ginman
Jeremy Hamer
Jocelin Harris
Josphine Tubbs (joined 24 May 2022)

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
01392 487056
unicornaimvct@iscaadmin.co.uk

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 (to AGM on 7 February 2023)

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 twenty-first Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Tuesday, 7 February 2023 at The Great Chamber, The Charterhouse, Charterhouse Square, London EC1M 6AN for the purposes of considering the following resolutions of which resolutions 1 to 11 will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions. The rationale for the election/re-election of each Director is given on pages 35 to 37.

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.

Ordinary Resolutions

1. To receive and adopt the audited Annual Report and Accounts of the Company for the year ended 30 September 2022 ("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 approve the Directors' Remuneration Policy as set out in the Annual Report.
4. To appoint Johnston Carmichael of 7-11 Melville Street, Edinburgh EH3 7PE as Auditor to the Company until the conclusion of the next Annual General Meeting.
5. To authorise the Directors to determine Johnston Carmichael's remuneration as Auditor to the Company.
6. To re-elect Tim Woodcock as a Director of the Company.
7. To re-elect Charlotta Ginman as a Director of the Company.
8. To re-elect Jeremy Hamer as a Director of the Company.
9. To elect Josephine Tubbs as a Director of the Company.
10. To approve the payment of a final dividend in respect of the year ended 30 September 2022 of 3.5 pence per ordinary share of 1p each, payable on 14 February 2023 to Shareholders on the register on 6 January 2023.
11. 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 £492,070, 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 2024, 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 11 had not expired.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

Notice of the Annual General Meeting (continued)

Special Resolutions

12. That, subject to the passing of Resolution 11 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 11 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, £328,046 in connection with offer(s) for subscription; and
- (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time,

in each case where the proceeds may be used, in whole or part, to purchase the Company's Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at conclusion of the Annual General Meeting to be held in 2024, 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.

13. 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 24,587,078 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;
- (i) the minimum price which may be paid for a Share is 1p (the nominal value thereof);
- (ii) 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(6) of the Market Abuse Regulation (596/2014/EU);
- (iii) 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 2024; and
- (ii) 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

13 December 2022

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 Chair 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 Chair) 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 Friday, 3 February 2023 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/>

UNICORN AIM VCT PLC

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Notice of the Annual General Meeting (continued)

- (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.
- (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 Friday, 3 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 12 December 2022 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 164,023,203 ordinary shares of 1p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 12 December 2022 was 164,023,203.
- (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.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

Notice of the Annual General Meeting (continued)

- (xviii) At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; a) to do so would interfere unduly with the conduct of the meeting or would involve the disclosure of confidential information, b) the information has been given on the Company's website: www.unicornaimvct.co.uk in the form of an answer to a question, or c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xix) Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website: www.unicornaimvct.co.uk.
- (xx) Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
- (xxi) This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 12 December 2022 (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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Park works to the EMAS standard and its Environmental Management System is certified to ISO14001.

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Produced by Gunn and Cole Limited.



Unicorn Asset Management Limited

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unicornam.com

Unicorn 
Investing with conviction