

Annual Report and Accounts

for the year ended 30 September 2016

UNICORN
AIM VCT PLC



Investment Objective

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

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

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Financial Highlights

for the year ended 30 September 2016

- Offer for Subscription raised £9.8 million (after costs)
- Net asset value ("NAV") total return for the year ended 30 September 2016, after adding back the dividend of 6.25p paid in the year, was 7.2%
- Final dividend of 6.25p proposed for the financial year ended 30 September 2016

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 2016	147.7	160.5	32.25	192.75	139.0
31 March 2016	139.5	150.9	32.25	183.15	130.5
30 September 2015	124.6	155.6	26.0	181.6	137.0
31 March 2015	99.1	137.0	26.0	163.0	123.0

* Shareholders' funds/net assets as shown on the Statement of Financial Position on page 45.

[†] The Board has recommended a dividend of 6.25p per share for the year ended 30 September 2016. If approved by Shareholders, this payment will bring total dividends paid since the merger with Unicorn AIM VCT II plc on 9 March 2010 to 38.5p.

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

Portfolio Summary

Allocation of qualifying investments by market sector

	As at 30 September 2016 %	As at 30 September 2015 %
Software & computer services	23.8	23.6
Pharmaceutical & biotechnology	21.9	22.8
Financial services	9.3	10.8
Travel & leisure	6.5	8.4
Healthcare equipment & services	6.0	3.2
Chemicals	5.8	0.7
Industrial engineering	5.6	3.1
Media	4.3	4.6
Aerospace & defence	3.6	5.7
Real estate investment & services	3.0	2.8
Support services	2.7	2.7
Automobiles & parts	2.3	-
Food & drug retailers	2.2	6.7
Technology hardware & equipment	1.4	0.1
Industrial transportation	0.6	1.7
Household goods & home construction	0.3	0.3
Retail	0.3	2.4
Oil equipment & services	0.2	-
Electronic & electrical equipment	0.2	0.4
Total	100.0	100.0

Strategic Report

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

The Investment Manager's Review on pages 12 to 15 also includes what is believed to be a balanced and comprehensive analysis of the development of the business during the financial year and the position of the Company's investments at the end of the year.

Chairman's Statement

I am pleased to present the fifteenth Annual Report of the Company.

Economic Review

The key economic and political event of the past twelve months was undoubtedly the UK electorate's majority decision to leave the European Union. Regardless of the rights and wrongs of the debate, the outcome of the Referendum appears to have been a surprise to both the Government and the main opposition parties. As a consequence, there appears to have been no plan for extricating the UK from the EU efficiently, nor any apparent thought given to minimising the possible negative economic effects of BREXIT.

Despite the uncertainty, the Prime Minister has stated that she will invoke Article 50 of the Lisbon Treaty during 2017 which, in turn, will formally trigger the process required for the UK to leave the EU.

It remains to be seen whether this inevitably protracted process will have a significantly negative impact on the UK economy which, so far, appears to have been largely unaffected by the Referendum vote. To date, the biggest and most obvious initial impact has been on the value of Sterling which, at the time of writing, had fallen considerably against the US Dollar. The continued weakness of Sterling relative to both the US Dollar and the Euro is good news for UK businesses that export their goods and services overseas, and has been reflected in the recent strong performance of the FTSE 100 Index, which is composed mainly of truly international British businesses. Opinion remains sharply divided however, over the long-term economic effects of leaving the EU. Major UK firms such as Easyjet and John Lewis have already highlighted that the slump in Sterling is going to increase their costs significantly. Inflation in the UK economy is likely to increase markedly in the coming months.

The UK has also seen its creditworthiness downgraded by the international ratings agencies, which have all indicated that the referendum result will lead to deterioration in the performance of the UK economy. The cost of Government borrowing is therefore set to rise. The Government is hoping that the Bank of England's decision to cut interest rates to a record low of 0.25%, will help mitigate the impact of inflation on consumer spending and business investment, thereby potentially averting another recession.

Since the financial year end, economic and equity market uncertainty has increased following the unexpected outcome of the US Presidential election. Equity markets dislike uncertainty and further volatility is therefore to be expected during the current financial year.

Investment Performance Review

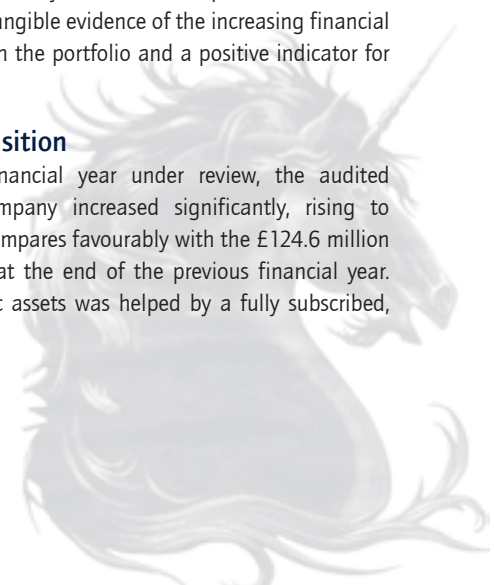
Despite the economic and political turmoil, your Company remains in sound health.

It is particularly pleasing to report that the twelve month period ended 30 September 2016, has again delivered positive total returns to Shareholders. Performance has been strong, with Net Asset Value per share increasing from 155.6 pence to 160.5 pence during the year, marking the seventh consecutive financial year of positive total returns. After adding back the dividend of 6.25 pence per share paid in the period, the total return to Shareholders was 7.2%.

At the financial year end, the investment portfolio consisted of 70 active VCT qualifying companies and 23 non-qualifying companies. Approximately 75% of the companies held in the portfolio are profitable and the majority of these businesses are now sufficiently cash generative to allow for the payment of dividends. During the period under review, dividends were paid, or proposed, by over two-thirds of the companies in the portfolio. Income received from underlying investments grew in the period under review from £1.9 million in the financial year ended 30 September 2015 to £2.4 million for the financial year ended 30 September 2016. This should be regarded as tangible evidence of the increasing financial strength of companies in the portfolio and a positive indicator for the future.

Net Assets & Acquisition

By the end of the financial year under review, the audited net assets of the Company increased significantly, rising to £147.7 million, which compares favourably with the £124.6 million of net assets recorded at the end of the previous financial year. This growth in total net assets was helped by a fully subscribed, £10 million Share Offer.



Strategic Report

Chairman's Statement

In addition, as previously reported in our Half-Yearly Report, the Company completed the acquisition of the assets and liabilities of Rensburg AIM VCT (Rensburg) during the period. The net assets acquired amounted to just over £11.5 million. In order to facilitate the acquisition, Unicorn Asset Management Limited paid the majority of the costs incurred by both the Company and Rensburg in relation to this transaction.

Rensburg was an AIM focused VCT with the majority of its assets invested in qualifying, AIM-listed companies. Unicorn AIM VCT already held investments in many of these companies. The acquisition has therefore resulted in your Company acquiring additional qualifying investments to support VCT qualification, while also increasing total net assets over which the fixed costs are spread, thereby benefitting all Shareholders.

I would like to take this opportunity to welcome all former Rensburg AIM VCT shareholders.

Portfolio Activity

In addition to the successful acquisition of the Rensburg assets, the twelve months ended 30 September 2016 was a busy and productive period for investment activity. In total, almost £8.2 million of capital was invested in six new VCT qualifying investments. Although still early days, it is pleasing to report that, in aggregate, these new holdings have made a healthy initial contribution to overall performance, generating an unrealised aggregate capital gain on investment cost of 47.2% in the period.

In addition to investing in new VCT qualifying companies, the Manager also committed further VCT qualifying capital, totalling £3.2 million, to three companies already held in the portfolio, as well as making a number of full and partial disposals during the period.

Total proceeds from disposals amounted to £13.5 million, resulting in an overall realised capital profit of £0.8 million.

A detailed report on the performance of both the qualifying and the non-qualifying investments is contained in the Investment Manager's Review on pages 12 to 15.

VCT Status

In aggregate, the percentage of the Company's total assets remains above that required by HMRC in order to retain VCT status. As at 30 September 2016, approximately 77% of our Company's total assets (valued in accordance with VCT rules) were invested in VCT qualifying companies. Excluding new capital raised in Offers for Subscription within the last three years, our VCT qualifying percentage rises to 87% of total assets. The Board and its advisers continue to monitor this figure closely. All other HMRC tests have been complied with and the Board has been advised by PWC that the Company continues to maintain its Venture Capital Trust status.

New VCT Regulations

The Venture Capital Trust sector is subject to a complex set of regulations. During the course of 2015, the UK government, working with the European Union, formulated a number of new rules, which were passed into law in November 2015. These new rules focus on restrictions surrounding a company's eligibility to benefit from State Aid funding (which also applies to VCTs because of the favourable tax treatment). The main changes are summarised below:

- An age restriction of seven years (twelve years for knowledge intensive companies) from first commercial sales, after which companies no longer qualify for State Aid funding, although follow-on investment is allowed if they have received such funding within the seven years.
- A lifetime restriction on total State Aid funding of £12 million per company (£20 million for knowledge intensive companies).
- A stricter definition of what VCT funding may be used for.
- Further restrictions on 'non-qualifying' investments.

It remains difficult to accurately assess the long term impact that these new regulations will have on your Company. As a result of the new legislation, there are fewer AIM listed companies that remain eligible to apply for State Aid funding, but the Investment Manager also believes that there may be a decline in the number of VCT qualifying companies seeking an initial listing on the Alternative Investment Market. For these reasons, both the Board and the Manager intend to maintain a prudent approach when it comes to the size of future fund raisings.

While the new legislation presents a number of challenges to the VCT sector as a whole, the Investment Manager remains confident of being able to operate within the confines of the new rules, having established a long track record of successfully adapting to previous rule changes.

Board Changes

Following the announcement in December last year of James Grossman's intention to retire from the Board at the AGM early next year, we were pleased to announce the appointment of Charlotta Ginman as a Director of the Company with effect from 14 July 2016.

Following qualification as a chartered accountant with Ernst & Young, Charlotta spent several years in investment banking, followed by executive roles at Nokia Corporation and Vertu Corporation. She was a non-executive director at Wolfson Microelectronics and Kromek plc and is currently on the boards of Polar Capital Technology Trust plc, Pacific Assets Trust plc and Motif Bio plc, where she chairs the audit committees. Charlotta is also a non-executive director of Consort Medical plc.

I would like to take this opportunity to welcome Charlotta to the Board and to thank James for his wise counsel and valuable contribution over the past eight years.

On behalf of the Board, I would also like to wish James a long and happy retirement.

Dividends

The final dividend of 6.25 pence per share, for the financial year ended 30 September 2015, was paid to Shareholders on 19 February 2016. Dividends are tax free to qualifying UK Shareholders and this dividend represented a yield of 4.0% based on the Net Asset Value of 155.6 pence per share as at 30 September 2015.

The Board has considered the payment of a dividend for the financial year ended 30 September 2016, and is recommending a final dividend of 6.25 pence per share (income: 1.00 pence; capital: 5.25 pence) to Shareholders, payable on 3 February 2017 to Shareholders on the register on 13 January 2017.

After careful consideration, and after taking into account the views of the Company's Shareholders, it is the Board's intention to move to twice yearly dividend payments. An interim dividend payment is therefore expected to be proposed in relation to the six month period ending 31 March 2017. It is anticipated that the Half-Yearly Report covering this period will be released in May 2017 and will contain details as to the quantum of the interim dividend.

As ever, all future decisions regarding dividend payments will remain subject to a number of factors including; market conditions, satisfactory performance and availability of cash & distributable reserves.

Outlook

The outlook for the majority of companies held in the portfolio appears to be positive, albeit the economic outlook remains clouded by the uncertainty created by BREXIT. The current portfolio consists mainly of profitable, cash generative businesses, many of which carry little or no debt on their balance sheets. The management teams of these businesses are, however, alert to the possible negative impacts of higher input prices that may soon emerge following the recent weakening of Sterling against other major currencies. It is to be hoped that through a combination of efficiency or productivity improvements, and modest customer price increases, much of this expected increase in input costs can be absorbed, or passed on, without impacting profit margins or triggering a noticeable decline in demand. In theory, this should be achievable for many of our investee companies, given the specialist nature of the products and services they provide.

Untangling the UK from the European Union will be a complex and lengthy process, however, and will almost certainly present unforeseen challenges for both the domestic economy and for the businesses in which your Company invests. It remains to be seen whether this process will have a lasting impact on the valuation of UK quoted companies. Regardless of the eventual outcome of BREXIT, be it positive or negative, your Board will continue to work closely with the Investment Manager to help ensure the best possible outcome for Shareholders.

Finally, I would like to take this opportunity to thank all Shareholders for their continued support of the Company and to invite you to attend the Company's Annual General Meeting. This is scheduled for 12 January 2017 and is to be held at The Great Chamber, The Charterhouse, Sutton's Hospital, Charterhouse Square, London EC1M 6AN. Full details can be found on page 65.

Peter Dicks

Chairman

23 November 2016



Strategic Report

The Company and its Business Model

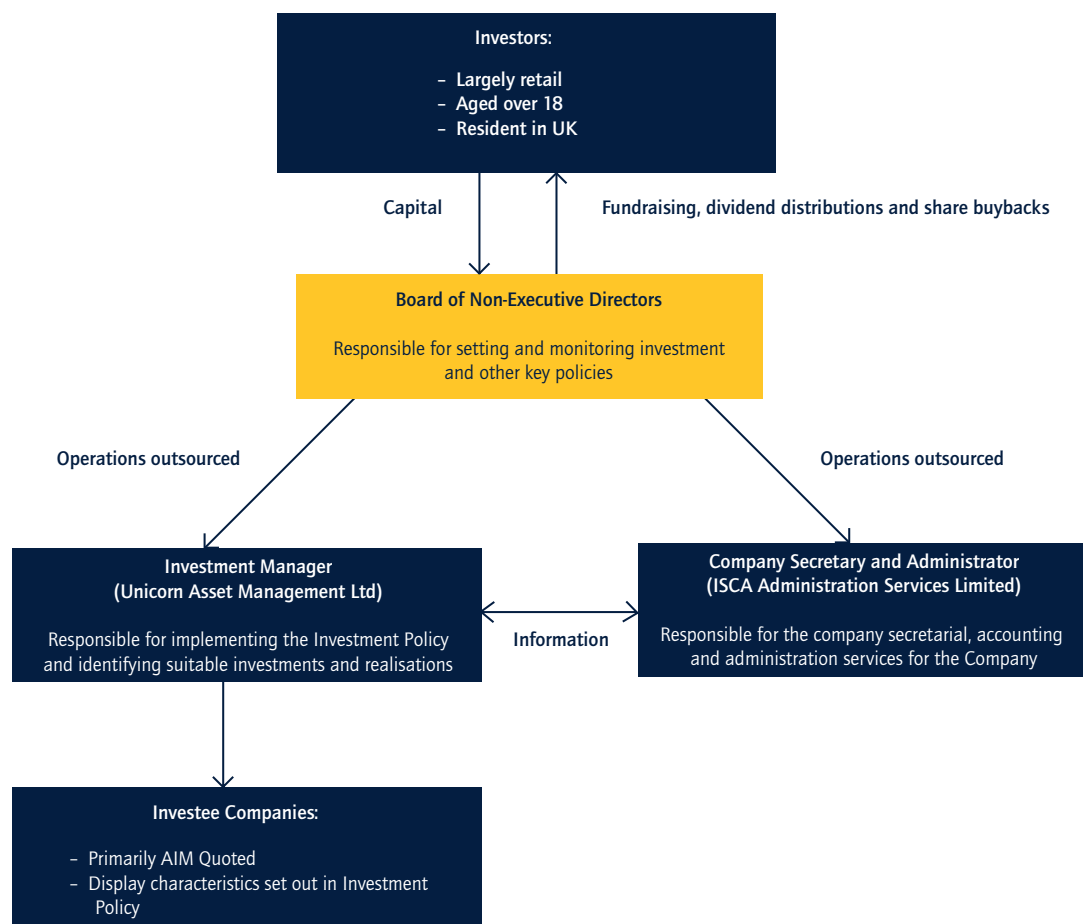
The Company is registered in England and Wales as a Public Limited Company (registration number 04266437) and is approved as a Venture Capital Trust (VCT) under section 274 of the Income Tax Act 2007 (the "ITA"). In common with many other VCTs, the Company revoked its status as an investment company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

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

The Company is an externally managed fund with a Board 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 each of the service providers is outlined in the Corporate Governance Statement on page 36.

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

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



The Board's Strategy

Investment Objective

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

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 70% of the Company's total assets are to be invested in qualifying investments of which 30% by VCT value (70% for funds raised after 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
- good cash generation to finance ongoing development allied with 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 70% VCT qualification threshold, 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.

Performance during the year

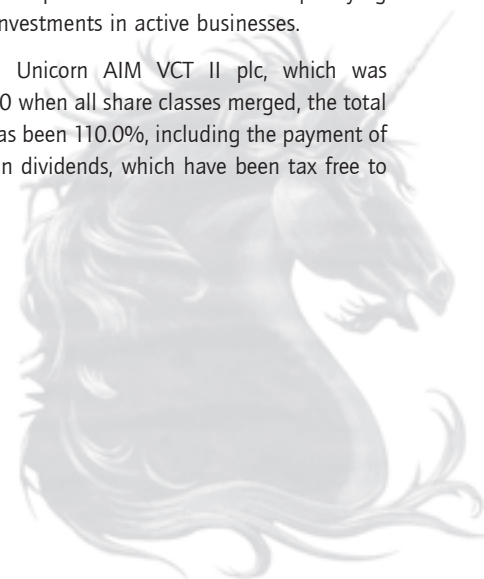
As at 30 September 2016, the audited NAV of the Company was 160.5 pence per share, having risen by 4.9 pence (2015: 11.9 pence) from 155.6 pence per share at the start of the financial year under review. After adding back the dividend of 6.25 pence per share paid in the year, this is a total return to Shareholders of 11.15 pence (2015: 17.9 pence) or 7.2% (2015: 12.5%) of the opening NAV for the year. In comparison, the total return from the FTSE AIM All-Share Index, although not a representative benchmark due its weighting in mining and oil exploration stocks, was 14.7% over the same period. The audited net assets of the Company were £147.7 million (2015: £124.6 million) at the financial year end.

At the financial year end, there were 70 active VCT qualifying companies held in the portfolio. Most of these businesses are cash generative and operate with strong balance sheets. The Investment Manager continues to focus on a select number of key metrics in order to monitor and assess the financial health of these businesses. These metrics continue to improve for most of the companies held in the portfolio. Historically, investment has typically been committed to a new company if it is profitable at the time of first investment, although given the new State Aid funding rules, future VCT qualifying investments are likely to be made in earlier stage businesses.

In the year to 30 September 2016, a total of £13.5 million was realised through the sale of investments while £9.8 million (after costs) was raised from an Offer for Subscription. Capital amounting to £13.4 million was deployed in new investments and approximately £5.4 million was paid out as dividends to Shareholders. A further £3.2 million was spent on share buybacks and in meeting the operating costs of the Company.

Over the 12 months to 30 September 2016 there was a net gain on investments of £10.2 million and the total profit on ordinary activities was £9.3 million, equivalent to earnings of 10.6 pence per share. The profit on the revenue account was £1.1 million. At the financial year end, the portfolio consisted of 70 qualifying and 23 non-qualifying investments in active businesses.

Since the merger with Unicorn AIM VCT II plc, which was completed in March 2010 when all share classes merged, the total return to Shareholders has been 110.0%, including the payment of 32.25 pence per share in dividends, which have been tax free to qualifying Shareholders.

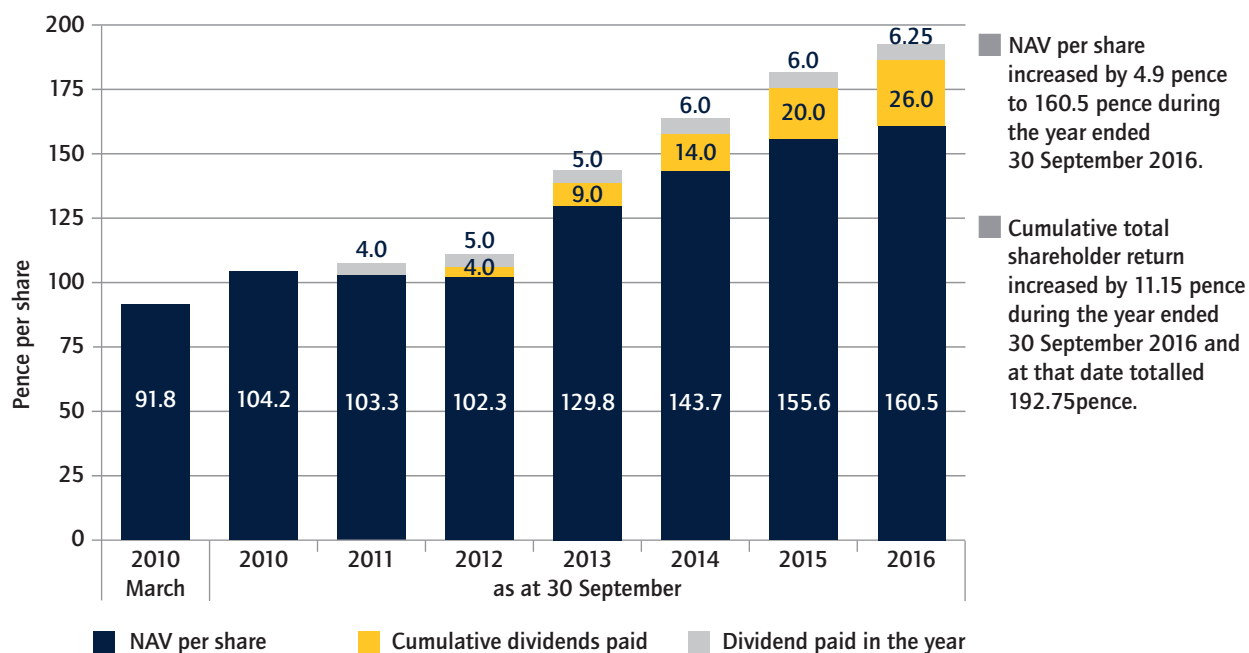


Strategic Report

Key Performance Indicators

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

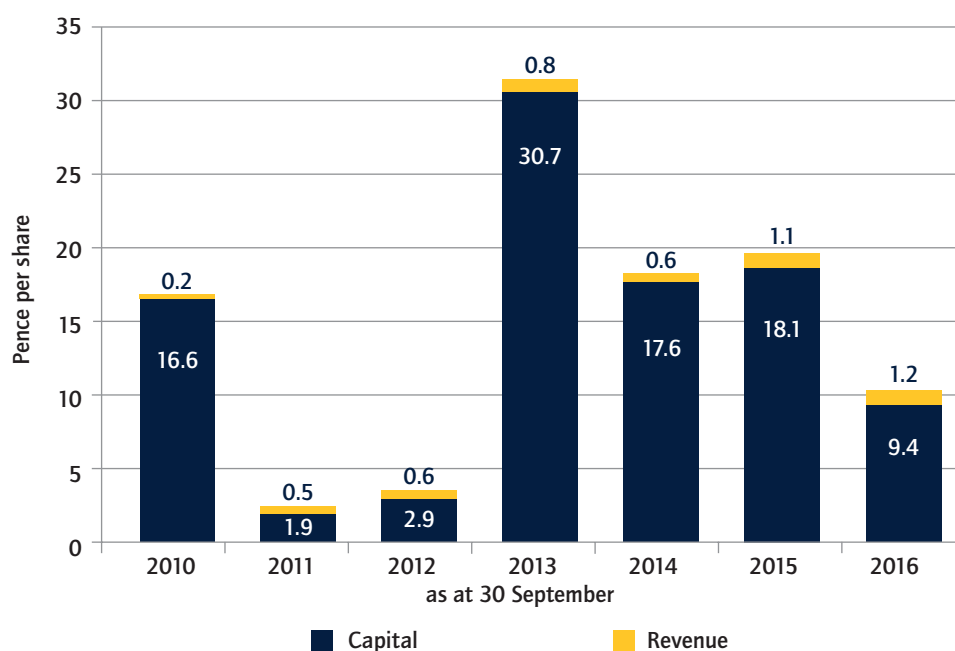
NAV per share, cumulative dividends paid & cumulative total Shareholder return*



* The cumulative total Shareholder return since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 100.95 pence representing the cumulative dividends paid of 32.25 pence plus the increase in NAV per share of 68.7 pence since that date.

Earnings per share*

The Company's earnings per share for the year ended 30 September 2016, together with those of the previous financial years since the merger with Unicorn AIM VCT II plc in March 2010, are outlined in the graph below:



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

The results are in line with the Board's expectations and the Board remains satisfied with the Company's performance.

■ Running Costs

The Ongoing Charges of the Company for the financial year under review represented 2.2% (2015: 2.2%) of average net assets, which is well below the agreed cap of 3.6% and remains competitive when compared with other AIM focused VCTs.

As shown in note 3, the Investment Manager receives a management fee of 2% of net assets per annum. Other expenses are shown in note 4 on page 51.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future.

Further information in respect of the Company's performance can be found in the financial highlights on page 2.

Key Events during the Year

The Company raised £9.8 million (after costs) through the Offer for Subscription and issued 6,561,716 shares, details of which are given in note 14 on page 56.

The Company announced on 17 July 2015 that, subject to HMRC and regulatory approval, a scheme of reconstruction would be put to the shareholders of Rensburg. This was approved by Rensburg shareholders on 27 November 2015 and on 12 January 2016 the Company acquired the assets of Rensburg, in consideration for the issue of 7,075,352 new Ordinary Shares in the Company to Rensburg shareholders.

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. Dividends of 6.25 pence per share were paid during the period, which amounted to £5.4 million. Since the original launch of Unicorn AIM VCT in 2001, Shareholders have, in aggregate, received approximately £43.2 million in dividend distributions, including those paid to former shareholders in Unicorn AIM VCT II plc.

The ability to pay dividends and the amount of such dividends are 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.

With effect from the year ending 30 September 2017, the Company proposes to change to an interim and final dividend as detailed on page 5.

■ Share buybacks and discount policy

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

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

- i) Regular share buybacks provide a reliable mechanism through which Shareholders can realise their investment in the Company, rather than being reliant on what is typically a limited secondary market.
- ii) Share buybacks, when carried out at a sensible discount to underlying net assets, help modestly to enhance NAV per share.
- iii) Implementing share buybacks on a regular basis can assist in controlling the discount to NAV that might otherwise prevail during periods of market stress.

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

The Company has continued to buy back shares for cancellation at various points throughout the financial year in accordance with the above policy. A total of 1,641,988 shares with a nominal value of £16,420 were purchased for cancellation during the course of the year, at an average price of 134.4 pence per share, for a total consideration of £2.2 million. At the financial year end, the Company's shares were quoted at a price of 139.0 pence per share representing a discount to NAV per share of 13.4%.

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

■ Principal risks and uncertainties

The Directors have carried out a review of the principal risks faced by the Company as part of the internal controls process, as outlined below. Note 18 to the Financial Statements on pages 57 to 63 also provides information on the Company's financial risk management objectives and exposure to risks.



Strategic Report

Risk	Possible consequence	How the Board guards against risk
Investment and strategic risk	Unsuitable investment strategy or stock selection could lead to poor returns to Shareholders.	<ul style="list-style-type: none"> Regular review of investment strategy by the Board. Monitoring of the performance of the investment portfolio on a regular basis. All unquoted investments require prior investment authorisation from the Board.
Regulatory and tax risk	The Company is required to comply with the Companies Act 2006, ITA, AIFMD (as applicable to small registered UK AIFMs), UKLA Rules and UK Accounting Standards. Breaching these rules may result in a public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the ITA. Should this occur, Shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gains received if they dispose of their shares.	<ul style="list-style-type: none"> Regulatory and legislative developments are kept under review by the Board. The Company's VCT qualifying status is continually reviewed by the Investment Manager and the Administrator. PricewaterhouseCoopers LLP has been retained by the Board to undertake an independent VCT status ongoing monitoring role.
Operational risk	The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation of assets.	<ul style="list-style-type: none"> Internal control reports are provided by service providers on an annual basis. The Board considers the performance of the service providers annually and monitors activity on a monthly basis.
Fraud and dishonesty risks	Fraud may occur involving Company assets perpetrated by a third party, the Investment Manager or other service provider.	<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.
Financial Instrument risks	The main risks arising from the Company's financial instruments are due to fluctuations in their market prices, interest rates, credit risk and liquidity risk.	<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 18 on pages 57 to 63.
Economic risk	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.	<ul style="list-style-type: none"> While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst seeking to maintain adequate liquidity.

The Regulatory Environment

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

Human rights

The Board seeks to conduct the Company's affairs responsibly and expects the Investment Manager to consider human rights implications as far as possible, particularly with regard to investment decisions.

Diversity

The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity. Appointments to the Board are made according to expertise and knowledge. Following the appointment of Charlotta Ginman on 14 July 2016, the Board currently comprises four male and one female non-executive Directors and the Board has confirmed that it is content with its current composition. The Board will consider gender diversity in making future appointments.

Anti-bribery policy

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

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

Environmental and social responsibility

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

Viability Statement

The Board has considered the need to confirm that the Company is able to meet all liabilities when due and that it can continue to operate for a period of at least twelve months from the date of signing the Annual Report. The Directors state on page 29 that they consider the Company is a going concern over this timeframe.

Under the UK Corporate Governance code there is a requirement that the Board performs a robust assessment of the principle risks relating to the Company.

The Directors consider 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.

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

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

- The Company has a diversified investment portfolio including approximately £9.4 million invested in readily realisable listed shares and a further £11.1 million in open ended funds and cash. The Company therefore has sufficient liquidity in the portfolio.
- The ongoing charges ratio of the Company as calculated using the AIC recommended methodology equates to 2.2% of net assets, which is competitive for the VCT sector.
- The Board anticipates that there will continue to be suitable qualifying investments available that will enable the Company to maintain its operations successfully over the five year time horizon.
- The Company has no debt or other external funding apart from its ordinary shares.

The Directors have also considered the viability of the Company should there be a slowdown in the economy or a collapse of the markets leading to lower dividend receipts and asset values. As stated above ongoing charges equate to 2.2% of net assets of which the Investment Management fee is 2.0% of net assets. Therefore, any fall in the value of net assets will result in a corresponding fall in the major expense of the Company.

As a result of these factors, the Directors have concluded that there is a reasonable expectation that the Company can continue in operation over the five year period.

Prospects

The prospects for the Company are discussed in detail in the Outlook section of the Chairman's Statement on page 5.

For and on behalf of the Board

Peter Dicks

Chairman

23 November 2016



Investment Manager's Review

Introduction

The financial year to 30 September 2016 proved to be another period of solid progress for your Company.

The audited net assets of the Company as at 30 September 2016 totalled £147.7 million, while audited NAV per share was 160.5 pence. This represents an increase in net assets of £23.1 million and a capital gain equivalent to 4.9 pence per share during the year. After adding back dividends paid of 6.25 pence per share in the period, the total return amounted to 11.15 pence per share; representing an increase of 7.2% on the opening NAV of 155.6 pence.

Performance Review

Although the total return performance of the Company was healthy in the period under review, it did not match the particularly strong returns generated by UK equity indices. The total return from the FTSE All-Share Index amounted to 16.8% in the year, while the total return from the FTSE AIM All-Share Index was also strong at 14.7%.

In both cases, this positive performance has largely been delivered in the three month period following the BREXIT referendum at the end of June 2016. The sharp decline in the value of Sterling helps explain the share price improvement of many large, international companies, which typically export their goods and services and are therefore beneficiaries of a weaker pound. At the other end of the spectrum, the FTSE AIM All-Share Index responded positively to a recovery in oil and commodity prices, due to its meaningful weighting in junior mining and oil exploration stocks.

To put these performances in context however, the FTSE AIM-All Share Index has still not reached its previous peak in March 2014, while the FTSE All-Share Index is only marginally higher than it was two and a half years ago. By contrast, the Company has delivered a total return to Shareholders of 21% over the same 30 month period. Over the longer term, relative performance also remains strong. In the period since the merger of Unicorn's two AIM focused VCTs on 9 March 2010, NAV per share has increased from 91.8 pence to 160.5 pence as at 30 September 2016. In addition, a total of 32.25 pence has been distributed to Shareholders by way of dividends, tax free to qualifying Shareholders. After adding back these dividends the total return to Shareholders during this period is 110%. This compares to a total return of 65% from the FTSE All-Share Index and 27% from the FTSE AIM All-Share Index. Total returns are, of course, calculated after absorbing the ongoing charges of the Company which, for a Venture Capital Trust, has continued to run at a competitive 2.2% of total assets on an annualised basis.

The Company maintained an active approach to share buybacks in the period under review. The total number of shares purchased was 1,641,988 at a total cost of £2.2 million. These shares were bought back at an average discount to underlying net assets of 13.1% and were all subsequently cancelled.

The established, selective and disciplined approach to managing the Company's assets has enabled the Company to continue its successful growth, while at the same time delivering an attractive and, hopefully sustainable, tax free dividend stream to Shareholders. The Board has proposed a final dividend of 6.25 pence per share in respect of the financial year ended 30 September 2016, which, if approved by Shareholders, will be paid on 3 February 2017.

The investment portfolio remains diversified both by number of holdings and by sector exposure. At the financial year end, the Company held 70 active VCT qualifying companies together with 23 non-qualifying investments. These investments are spread across 19 different sectors.

Qualifying Investments

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

The percentage of total assets invested in VCT qualifying companies amounted to 77% as at 30 September 2016.

A review of the ten most meaningful contributors to performance (both positive and negative) follows:

Abcam (+45%) is a global leader in the supply of life science research tools. The business continues to grow at a healthy rate. In its financial year to 30 June 2016, Abcam increased sales on a reported basis by 19.2% to £171.7 million (FY 2015: £144.0 million). Reported diluted earnings per share were flat at 18.5 pence (FY 2015: 18.5 pence), reflecting a previously announced investment in systems and processes together with meaningful acquisition and integration costs. The business remains highly cash generative, with the closing net cash position increasing to £70.7 million (30 June 2015: £58.7 million). As a consequence of continued strong trading, the proposed full year dividend was increased by 8.5% to 8.9 pence per share (FY 2015: 8.2 pence).

Animalcare Group (+34%) is a leading supplier of veterinary medicines. In October, the Board of Animalcare announced results for the year ended 30 June 2016, which demonstrate that the business continues to perform. In recent years, the management team has built a strong and scalable platform, which should allow the business to continue its consistent growth, while also enabling a progressive dividend policy to be maintained. Overall, revenues for the year were up 8.6% to £14.7 million (2015: £13.5 million), while underlying basic earnings per share increased 3.2% to 13.0p (2015: 12.6p). As a consequence of continued strong cash generation, the balance sheet also strengthened during the year, with net cash increasing to £7.1 million (2015: £5.8 million) as at 30 June 2016. The total recommended dividend was increased by 6.6% to 6.5p (2015: 6.1p). The management team intends using the strong balance sheet to invest in a wider range of products and new opportunities to help ensure the long-term success of the business.

Anpario (-21%) is a specialist producer of natural feed additives that promote animal health, hygiene and good nutrition. Interim Results for the six month period ended 30 June 2016 were released in September, revealing that Anpario had delivered a modest increase in adjusted profit before tax from continuing operations to £1.7 million (2015: £1.6 million), together with a significantly improved net cash balance of £10.9 million (2015: £7.9 million). Although share price performance has been weak of late, as growth has been slower and taken longer than originally anticipated, the financial strength and established investment strategy has placed the business in a good position to build commercial relationships in new international territories, from which long term organic growth should be secured.

Avingtrans (+71%) is a designer, manufacturer and supplier of critical components to the global energy and medical sectors. During an exceptionally busy period, Avingtrans successfully expanded and then sold its Aerospace Division for an enterprise value of £65.0 million, announced a £28 million tender offer to return cash to shareholders and lastly, reported on major contract wins for its Energy and Medical divisions. Although revenue from continuing operations decreased by 6% to £21.2 million (2015: £22.6 million), adjusted profit before tax improved to £0.1 million (loss 2015: £0.7 million), while cash generated from operating activities improved dramatically to £7.8 million (2015: £1.6 million). As a result of strong underlying cash generation combined with the proceeds from the disposal of the Aerospace division, net cash increased to £51.0 million (2015: Net debt £5.9 million) at 31 May 2016, Avingtrans' financial year end. The Energy and Medical divisions performed in line with expectations in the period and with attractive structural growth markets and durable customer relationships, the business is well placed to deliver further value over the longer term.

Crawshaw Group (-56%) is a retailer of fresh meat and food-to-go, which recently delivered disappointing Interim Results. As a consequence, Crawshaw's share price has been very weak, falling by 63% from a peak reached in November 2015. Despite recording a 29% increase in group turnover to £21.6 million (2015: £16.7 million) and a 31% increase in gross profit to £9.8 million (2015: £7.5 million), like-for-like sales declined 4.4% (2015: increased 1.0%) and losses before tax increased to £0.4m (2015: £0.1m). As a result, net cash was £4.0 million at 31 July 2016 (31 July 2015: £6.0 million) and the interim dividend has been dropped (2015: 0.10 pence per share). Although the business has continued to grow, with the store expansion programme making considerable progress, the recent like-for-like sales performance has been very disappointing. The management team is acting quickly to restore sales momentum by focusing on a local value-led proposition that has proved successful in the past. Re-introducing a locally driven, value-led promotion strategy is reported to be increasing customer numbers, although this initiative will inevitably have an impact on margins and has therefore resulted in a significant downward revision to profit expectations.

Gama Aviation (-55%) is one of the world's largest business aviation service providers. Despite continued strong growth in revenues, the business continues to record losses after currency adjustments. The weakening of Sterling combined with a material investment in international expansion, has resulted in Gama's market capitalisation remaining under significant pressure, with the share price declining by over 50% in the period under review. The fundamental strength of the Gama business model is that revenues are underpinned by long term renewable contracts, which, when combined with geographical diversity and proven industry expertise, should enable the business to deliver improving financial results, despite challenging trading conditions in the UK and Europe.

IDOX (+68%) is a leading supplier of specialist information management solutions and services. In its most recently announced half year results for the six months ended 30 April 2016, IDOX's revenues grew by 26% to £37.2 million (H1 2015: £29.6 million), which included modest organic growth of 5%. As a result, adjusted profit before tax was 36% higher at £7.9 million (H1 2015: £5.8 million). Net debt as at 30 April 2016 stood at £13.9 million (H1 2015 £9.7 million), following payment of £9.3 million in respect of two acquisitions made during the second half of 2015.

Following a strong first half performance, the business retains a healthy pipeline and order book. Together with a full year contribution from recent acquisitions, the Board has been able to re-confirm its confidence in meeting market expectations for the financial year as a whole.

Mattioli Woods (+19%) is a specialist wealth management and employee benefits business. In its financial year ended 31 May 2016, the Group reported revenue growth of 24% to £43.0 million (2015: £34.6million) and an increase in adjusted earnings per share of 14.0% to 31.0p (2015: 27.2p). As a result, the proposed total dividend was increased by 19.0% to 12.5p (2015: 10.5p). At the Group's financial year end, the financial position remained very strong with the net cash position standing at £29.8 million (2015: £10.6 million). Mattioli Woods continues to expand through a combination of organic growth and selective acquisitions, while maintaining its core focus on delivering quality advice, services and products, thereby helping to grow the value of its clients' assets and enhancing their financial outcomes.

Tracsis (+19%) is a leading provider of software and services for the traffic data and transportation industry. The Group recently released its annual results which confirmed another strong year of trading. The financial year ended 31 July 2016 has been one of significant progress for Tracsis. Core operations continued to perform well, while the Group completed the acquisitions of Ontrac Limited and SEP Limited. These acquisitions are reported to be performing well, with Ontrac having secured several major orders for its software products, while SEP has experienced a record year of trading. Both these newly acquired businesses are trading profitably and performing to expectations. Revenues for the Group as whole were £32.6 million in the financial year, a

Investment Manager's Review

rise of 29% (2015: £25.4 million). Adjusted profits before tax for the year ended 31 July 2016 were up 18% to £6.9 million (2015: £5.8 million). As at 31 July 2016, Group cash balances remained strong at £11.4 million (2015: £13.3 million), the modest decline reflecting the cash utilised on acquisitions and investments during the year. The Group continues to be debt free and highly cash generative.

Tristel (+61%) is a developer and manufacturer of infection control, contamination control and hygiene products. The Group's results for the financial year ended 30 June 2016 were released in October 2016 and revealed that turnover increased to more than £17 million (2015: £15.3 million) with adjusted pre-tax profits of £3.3 million (2015: £2.6 million). Both turnover and pre-tax profits were ahead of market expectations. Tristel also continues to generate significant levels of cash and at 30 June 2016 net cash balances were £5.7 million compared to £4.0 million at 30 June 2015. Accordingly, the Board has announced a special dividend of 3 pence per share in order that it returns to shareholders the cash that is considered surplus to investment and operational requirements.

After the payment of this special dividend and payment of the consideration associated with a recent acquisition, the Group's ongoing intention is to retain cash reserves of at least £3 million. The previous special dividend of 3 pence per share was paid in August 2015.

The management team at Tristel continue to believe that the business will be able to take advantage of current trends in the global disinfection market and the outlook for the Group therefore remains very promising.

Review of Non-Qualifying Investments

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

With one notable exception, the non-qualifying investments performed well in the period under review. The strongest contributors to performance included; **Macfarlane Group** (+19%), **Mears Group** (+18%), **Pinewood Group** (+32%) and the **Unicorn Mastertrust Fund** (+19.2%). The one meaningful disappointment was **Renold** (-43%), a manufacturer of industrial chain and torque transmission products, which suffered from uncertainty and volatility in its key markets. There were no other material movements among the non-qualifying investments.

Investment Activity

Aside from the important acquisition of the VCT qualifying and non-qualifying assets of Rensburg AIM VCT, which is covered in greater detail in the Chairman's Statement, the financial year under review also saw meaningful levels of new investment activity. In aggregate, over £13.4 million was invested in qualifying and non-qualifying investments during the year.

Having made one new VCT qualifying investment and three further qualifying investments into existing holdings during the first half of the year, the rate of investment activity accelerated in the second half. Five new qualifying investments were made during the second half, at a total cost of just under £6.7 million. In aggregate, the performance of the new investments has been very pleasing. The total unrealised capital gain on all new qualifying investments made during the course of the year was £3.8 million, which is equivalent to a return on investment of 47.2% as at the financial year end.

The six VCT qualifying investments in companies new to the portfolio were as follows:

Directa Plus (+74%), is a rapidly expanding producer and supplier of graphene-based products for use in consumer and industrial markets. Directa Plus was admitted to AIM on 27 May 2016, successfully raising £12.8 million at 75 pence per share, of which Unicorn AIM VCT committed £3 million to VCT qualifying shares. The business operates in the fast developing, but still early stage, field of graphene technology and, as such, Directa remains loss-making. In its maiden interim results, for the six month period ended 30 June 2016, revenues from product sales increased significantly to €0.40 million (H1 2015: €0.11 million), which resulted in a loss after tax for the period of €2.3 million (H1 2015: €1.3 million loss). As a consequence of the successful fund raise, however, the business is now well-capitalised with cash and cash equivalents at 30 June 2016 of €13.1 million (31 December 2015: €2.0 million; 30 June 2015: €3.0 million). The interim results provide encouraging evidence that Directa Plus is engaging with a growing number of customers and working with them to ensure that the incorporation of graphene-based materials enables them to add significant value to their products. Directa's production process is low cost, scalable and flexible, creating an opportunity for the business to establish a market-leading position in what is expected to be a major new segment of the industrial materials sector.

Genedrive (-15%) is a molecular diagnostics company that recently changed its name from Epistem Holdings. In 2015/16, the Company achieved significant growth in revenue driven by development income related to Genedrive, a novel diagnostics management platform, which offers attractive and potentially high growth market opportunities. An example of this is the recent launch of Genedrive's tuberculosis resistance test in India. In addition, David Budd was appointed as CEO during the period, bringing strong diagnostics management experience to the business. In July 2016, your Company contributed £0.2 million to an oversubscribed £6.0 million Placing.

MaxCyte (+21%) is an established and revenue generating developer and supplier of cell engineering products and services to biopharmaceutical firms engaged in cell therapy and drug discovery. The business successfully completed its IPO on AIM in March 2016 raising gross proceeds of £10 million. Unicorn AIM VCT subscribed £1.5 million in this fundraising, receiving VCT qualifying shares in exchange. With consistently increasing revenue

performance and strong revenue visibility, combined with careful investment in sales, marketing and operations to drive further growth, the business is expected to make further progress toward profitability over the next 24 months.

Osirium Technologies (+26%) is a UK based cyber-security software provider that was admitted to AIM in April 2016 raising £5.1 million net of expenses via a placing of new ordinary shares. Unicorn AIM VCT invested £1.0 million in new VCT qualifying shares as part of this placing, enabling the business to appoint additional staff members, fund an increase in sales and marketing activity and invest in the continued research and development of new and enhanced software modules. Although still at an early stage in its development, the business is already reported to be benefiting from its admission to AIM, with a strengthened balance sheet and a raised profile in the marketplace. This is manifesting itself through a strong and growing pipeline of commercial prospects, offering the business a significant opportunity to establish itself as a leading operator in the thriving and fast growing cyber-security market.

Surface Transforms (+74%) is an established AIM-listed company focused on the development and manufacture of next-generation, carbon ceramic brake discs for the automotive and aircraft industries. In April 2016, Surface Transforms completed a £6 million Placing and Open Offer. Unicorn committed £1.5 million to this VCT qualifying fundraising. As a result of this funding round, the balance sheet has been considerably strengthened and the business now has the capital it requires to invest in essential factory expansion. This investment in new plant and equipment is required because of the significant recent progress Surface Transforms has made with its key automotive customers, which includes the signing of a pre-production contract with a major German automotive manufacturer. Although the business remains loss-making, it now has the foundations in place to enable it to grow its revenues substantially over the next two years.

Syndicate Room (n/a) is an early stage, unquoted business that has built an online equity investing platform that allows the private investor to participate in investment opportunities ranging from Seed Enterprise Investment Schemes all the way through to initial public offerings. Syndicate Room's philosophy is based around the belief that everyone should have equal access to sophisticated investment opportunities, and that private investors should be able to invest on the same terms as professional investors. This philosophy manifests itself in an 'investor-led' equity investing model. Since pioneering this investor-led model the business has collaborated with leading industry players and become the first crowd-funding platform to give its members access to public markets. Unicorn AIM VCT has taken a 4.2% stake in the business, having subscribed for £1 million in VCT qualifying shares in a recently completed fund-raising round. Although the business remains at an early stage in its development, it has already established a significant reputation for innovation and is rapidly expanding its range of services, all designed to make investing fairer, more sustainable and more transparent.

Other Investment Activity

Apart from the assets acquired from Rensburg AIM VCT, no other new investments in qualifying or non-qualifying companies were made during the year.

Realisations

Realisations totalling £13.5 million were made in the financial year to 30 September 2016 resulting in an overall realised capital profit of £0.8 million. Two AIM-listed companies were sold to trade buyers in the period realising net proceeds of £1.4 million. Seventeen non-qualifying holdings were sold in their entirety in the open market and a number of other partial disposals in qualifying and non-qualifying investments were also made. These transactions generated total proceeds of £12.1 million.

Prospects

The investment portfolio contains a diverse range of established, successful and growing businesses, the majority of which appear to be sustainably profitable. As a result, despite considerable uncertainty surrounding the prospects for the UK economy, we remain optimistic that the established strategy will deliver further attractive returns for Shareholders over time.

Chris Hutchinson

Unicorn Asset Management Limited

23 November 2016



Investment Portfolio Summary

Ordinary Shares	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Qualifying investments						
AIM/ISDX quoted investments						
Abcam Producer and distributor of high quality protein research tools	Oct 2005	1,539	518	13,020	Bid price	Ordinary shares
Tracsis Developer and supplier of resource optimisation and data capture technologies to the transport industry	Nov 2007	1,584	1,546	9,579	Bid price	Ordinary shares
Mattioli Woods Consultants in the provision of pension and wealth management services	Nov 2005	1,680	1,329	7,248	Bid price	Ordinary shares
Directa Plus Producer and supplier worldwide of graphene-based products for use in consumer and industrial products	May 2016	3,000	3,000	5,200	Bid price	Ordinary shares
Anpario Manufacturer of natural feed additives for global agricultural markets	Nov 2006	1,585	1,449	5,146	Bid price	Ordinary shares
Animalcare Group Specialist veterinary pharmaceuticals and animal health products	Dec 2007	2,423	1,636	4,474	Bid price	Ordinary shares
Idox Information and knowledge management software	May 2007	1,242	1,117	4,370	Bid price	Ordinary shares
Cohort Provision of a wide range of technical services to clients in the defence and security sectors	Feb 2006	1,414	1,689	4,061	Bid price	Ordinary shares
Avingtrans Provision of precision engineering services	Oct 2004	996	996	3,171	Bid price	Ordinary shares
Totally Delivery of care solutions to individuals, business or public bodies	Sep 2015	2,606	2,606	3,007	Bid price	Ordinary shares
Stride Gaming Multi branded on-line bingo operator	May 2015	1,400	1,400	2,917	Bid price	Ordinary shares
Surface Transforms Developers and producers of carbon-ceramic materials	Apr 2016	1,500	1,500	2,602	Bid price	Ordinary shares
Tristel Manufacturer of contamination and infection control products	Nov 2009	878	865	2,535	Bid price	Ordinary shares
ULS Technology Comparison software and services for the property, legal and financial services markets	Jul 2014	1,500	1,500	2,456	Bid price	Ordinary shares
Crawshaw Group Yorkshire based chain of retail butchers	Apr 2007	1,538	2,000	2,365	Bid price	Ordinary shares
Belvoir Lettings Residential property lettings and sales	Jul 2015	1,883	1,883	2,206	Bid price	Ordinary shares
Instem (formerly Instem Life Science Systems) Information solutions for life sciences R&D	Jan 2011	985	985	1,795	Bid price	Ordinary shares
MaxCyte A leader in cell transfection, bringing to market its patented flow electroporation technology	Mar 2016	1,500	1,500	1,779	Bid price	Ordinary shares
Sanderson Group Provider of software solutions and IT services to the multi-channel retail and manufacturing sectors	Dec 2004	1,360	1,360	1,586	Bid price	Ordinary shares
Access Intelligence Compliance software solutions for the public and private sectors	Dec 2004	1,667	1,664	1,403	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Pharmaceuticals & biotechnology	0.8%	8.8%	30 Jun '16	171,673	45,412	261,190	0.9%	www.abcam.com
Software & computer services	6.7%	6.5%	31 Jul '16	32,641	3,955	28,666	6.7%	www.tracsis.com
Financial services	4.0%	4.9%	31 May '16	42,950	6,291	65,581	4.7%	www.mattioli-woods.com
Chemicals	9.1%	3.5%	31 Dec '15	1,030	(3,220)	(1,400)	9.1%	www.directa-plus.com
Pharmaceuticals & biotechnology	9.5%	3.5%	31 Dec '15	23,322	3,616	26,584	11.2%	www.anpario.com
Pharmaceuticals & biotechnology	8.0%	3.0%	30 Jun '16	14,701	3,086	22,515	8.0%	www.animalcaregroup.co.uk
Software & computer services	1.8%	3.0%	31 Oct '15	62,575	9,763	53,639	1.8%	www.idoxplc.com
Aerospace & defence	3.2%	2.7%	30 Apr '16	112,577	5,310	70,789	3.2%	www.cohortplc.com
Industrial engineering	5.9%	2.2%	31 May '16	21,177	245	64,753	5.9%	www.avingtrans.plc.uk
Healthcare equipment & services	24.2%	2.0%	31 Dec '15	577	(413)	492	24.2%	www.totallyplc.com
Travel & leisure	1.7%	2.0%	31 Aug '15	27,811	360	30,803	1.7%	www.stridegaming.com
Automobiles & parts	10.4%	1.8%	31 May '16	1,362	(1,154)	5,957	10.4%	www.surfacettransforms.com
Healthcare equipment & services	3.9%	1.7%	30 Jun '16	17,104	2,593	14,964	3.9%	www.tristel.com
Media	5.8%	1.7%	31 Mar '16	20,658	3,081	7,185	5.8%	www.ulstechnology.com
Food & drug retailers	9.2%	1.6%	31 Jan '16	37,060	(345)	19,662	9.3%	www.crawshawgroupplc.com
Real estate investment & services	6.0%	1.5%	31 Dec '15	6,947	2,224	14,421	6.0%	www.belvoirlettingsplc.com
Software & computer services	3.6%	1.2%	31 Dec '15	16,321	(361)	6,613	3.6%	www.instem.com
Pharmaceuticals & biotechnology	4.9%	1.2%	31 Dec '15	6,270	(980)	(32,640)	4.9%	www.maxcyte.com
Software & computer services	4.4%	1.1%	30 Sep '15	19,182	2,031	26,627	4.4%	www.sanderson.com
Software & computer services	9.8%	0.9%	30 Nov '15	10,856	(3,977)	3,761	9.8%	www.accessintelligence.com

Investment Portfolio Summary

Ordinary Shares	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Castleton Technology (formerly Redstone) Structured cabling and intelligent infrastructure management	Nov 2004	463	463	1,267	Bid price	Ordinary shares
Keywords Studios Technical service provider to the global video game industry	Aug 2013	369	369	1,245	Bid price	Ordinary shares
Osirium Technologies A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices	Apr 2016	1,000	1,000	1,237	Bid price	Ordinary shares
AB Dynamics Design, manufacture and supply to the global automotive industry of advanced testing and measurement products for vehicle suspension, brakes and steering	Jan 2016	801	801	1,162	Bid price	Ordinary shares
HML Holdings Residential property management	Jul 2007	431	833	1,143	Bid price	Ordinary shares
Redcentric Implementation and support of enterprise software solutions	Nov 2004	393	393	1,131	Bid price	Ordinary shares
European Wealth Group Limited Private wealth management	Jun 2015	1,759	1,759	1,121	Bid price	Ordinary shares
Quixant Designs and manufactures complete advanced hardware and software solutions for the pay-to-play gaming and slot machine industry	Jan 2016	648	648	1,080	Bid price	Ordinary shares
Dods (Group) (formerly Huveaux) Media group focused on political communication training and publishing	Mar 2013	1,176	1,176	790	Bid price	Ordinary shares
Plastics Capital Specialist plastics products manufacturer focused on proprietary products for niche markets	Jan 2016	655	655	773	Bid price	Ordinary shares
Pressure Technologies High pressure cylinder manufacturing	May 2007	1,140	860	737	Bid price	Ordinary shares
Omega Diagnostics Medical diagnostics company focused on allergy, food intolerance and infectious disease	Dec 2010	500	500	656	Bid price	Ordinary shares
Gama Aviation Operator of privately owned passenger jet aircraft	Nov 2010	760	760	630	Bid price	Ordinary shares
Surgical Innovations Group Design and manufacture of minimally invasive surgical instruments	May 2007	436	748	582	Bid price	Ordinary shares
Vianet (formerly Brulines Group) Provision of real-time monitoring systems and data management services	Oct 2006	725	725	581	Bid price	Ordinary shares
Hardide Advanced tungsten carbide based metal coatings for internal and external surfaces	Aug 2014	1,000	1,000	531	Bid price	Ordinary shares
eg solutions Software solutions to optimise the efficiency of back office operations	Jun 2005	706	800	493	Bid price	Ordinary shares
Driver Group Provision of specialist commercial, project planning and dispute resolution services to the construction industry	Apr 2006	552	750	483	Bid price	Ordinary shares
Dillistone Group Provider of software services to the executive recruitment industry	Jun 2006	356	356	430	Bid price	Ordinary shares
Brighton Pier Group (formerly Eclectic Bar Group) Operator of premium bars across the UK	Nov 2013	426	426	346	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Software & computer services	2.5%	0.9%	31 Mar '16	17,987	(1,900)	14,565	2.5%	www.castletonplc.com
Support services	0.6%	0.8%	31 Dec '15	57,951	5,086	50,594	0.6%	www.keywordsstudios.com
Software & computer services	6.2%	0.8%	31 Oct '15	290	(860)	700	6.2%	www.osirium.com
Industrial engineering	1.5%	0.8%	31 Aug '16	20,472	4,451	17,516	1.5%	www.abd.uk.com
Real estate investment & services	9.5%	0.8%	31 Mar '16	18,564	1,212	9,944	9.5%	www.hmlholdings.com
Software & computer services	0.4%	0.8%	31 Mar '16	109,526	7,444	97,458	0.4%	www.redcentricplc.com
Financial services	8.9%	0.8%	31 Dec '15	N/A	N/A	17,278	8.9%	www.europeanwealth.com
Technology hardware & equipment	0.6%	0.7%	31 Dec '15	28,230	5,260	17,310	0.6%	www.quixant.com
Media	1.7%	0.5%	31 Mar '16	19,620	1,122	25,729	1.7%	www.dodsgroupplc.com
Chemicals	1.9%	0.5%	31 Mar '16	50,803	1,098	26,323	1.9%	www.plasticcapital.com
Industrial engineering	3.9%	0.5%	3 Oct '15	55,570	578	36,341	3.9%	www.pressuretechnologies.co.uk
Healthcare equipment & services	3.9%	0.4%	31 Mar '16	12,744	662	20,187	3.9%	www.omegadiagnostics.com
Industrial transportation	1.7%	0.4%	31 Dec '15	\$236,017	\$6,876	\$55,654	1.7%	www.gamaaviation.com
Healthcare equipment & services	5.5%	0.4%	31 Dec '15	5,468	(2,125)	3,930	5.5%	www.sigroupplc.com
Support services	2.2%	0.4%	31 Mar '16	19,241	1,570	24,481	2.3%	www.vianetplc.com
Chemicals	4.5%	0.4%	30 Sep '15	3,003	(207)	3,859	4.5%	www.hardide.com
Software & computer services	4.6%	0.3%	31 Jan '16	7,595	9	6,234	4.6%	www.egsplc.com
Support services	5.1%	0.3%	30 Sep '15	47,950	(1,863)	12,062	5.1%	www.driver-group.com
Software & computer services	8.1%	0.3%	31 Dec '15	9,437	1,072	7,159	8.1%	www.dillistonegroup.com
Travel & leisure	0.8%	0.2%	26 Jun '16	22,592	47	13,666	0.8%	www.eclecticbars.co.uk

Investment Portfolio Summary

Ordinary Shares	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Concurrent Technologies Specialises in the design and manufacture of high performance processor based solutions for use in critical embedded applications	Jan 2016	275	275	310	Bid price	Ordinary shares
PhotonStar LED Group Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets	Jul 2014	747	747	308	Bid price	Ordinary shares
APC Technology (formerly Green Compliance) Compliance related business support services	Dec 2009	3,100	3,100	271	Bid price	Ordinary shares
PHSC Health & Safety consultancy and training	Mar 2007	253	550	250	Bid price	Ordinary shares
Touchstar Technologies (formerly Belgravium Technologies) Development and supply of rugged, hand-held data capture devices to the logistics sector	Sep 2005	337	425	232	Bid price	Ordinary shares
Synectics Designs end-to-end integrated security and surveillance solutions	Jan 2016	110	110	205	Bid price	Ordinary shares
Netcall Create, maintain and support a full range of applications tailored for both the public and private sectors	Jan 2016	192	192	204	Bid price	Ordinary shares
Genedrive (formerly Epistem Holdings) Developing and commercialising a low cost, rapid, versatile point-of-need diagnostics platform for the diagnosis of infectious diseases	Jan 2016	310	310	189	Bid price	Ordinary shares
Getech Group A leading petroleum and minerals consultancy	Jan 2016	188	188	171	Bid price	Ordinary shares
Augean Treatment and disposal of hazardous waste	Dec 2004	500	500	139	Bid price	Ordinary shares
Brady Provider of transaction and risk management software solutions	Dec 2010	112	112	127	Bid price	Ordinary shares
Grafenia (formerly Printing.com) Franchised High Street print shops	Aug 2004	231	231	75	Bid price	Ordinary shares
Vitesse Media Media and events company focused on the financial and technology sectors	Nov 2007	160	400	56	Bid price	Ordinary shares
Uvenco (formerly SnackTime) Operator of vending machines	Dec 2008	2,102	2,044	56	Bid price	Ordinary shares
AorTech International Intellectual property holding company of biomedical polymer technology, components and medical devices	Jan 2016	8	8	7	Bid price	Ordinary shares
Kellan Group A market leading recruitment business operating across a wide range of functional disciplines and industry sectors	Jan 2016	13	13	7	Bid price	Ordinary shares
Distil Markets and sells its brands of gin, vodka and liquer	Jan 2016	5	5	6	Bid price	Ordinary shares
Zoo Digital Assist the media, entertainment and publishing industries to distribute media content worldwide	Jan 2016	3	3	2	Bid price	Ordinary shares
Reach4entertainment Film and live entertainment advertising, marketing and display agencies	Jan 2016	1	1	1	Bid price	Ordinary shares
		55,223	54,779	99,954		

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Technology hardware & equipment	0.7%	0.2%	31 Dec '15	17,074	2,733	15,821	0.7%	www.gocct.com
Household goods & home construction	9.1%	0.2%	31 Dec '15	6,901	(3,025)	2,405	9.1%	www.photonstarled.com
Electronic & electrical equipment	2.8%	0.2%	31 Aug '15	31,069	(5,774)	13,691	2.8%	www.apc-plc.co.uk
Support services	8.5%	0.2%	31 Mar '16	7,004	(338)	6,085	8.5%	www.phsc.plc.uk
Technology hardware & equipment	4.6%	0.2%	31 Dec '15	8,676	(6,531)	5,318	4.6%	www.touchstar.co.uk
Support services	0.6%	0.1%	30 Nov '15	68,504	512	36,842	0.6%	www.syneticsplc.com
Software & computer services	0.3%	0.1%	30 Jun '16	16,627	1,737	22,616	0.3%	www.netcall.com
Pharmaceuticals & biotechnology	1.8%	0.1%	30 Jun '16	3,094	(6,497)	3,753	1.8%	www.genedriveplc.com
Oil equipment & services	1.7%	0.1%	31 Jul '16	7,031	671	12,162	1.7%	www.getech.com
Support services	3.1%	0.1%	31 Dec '15	61,005	2,524	54,398	3.2%	www.augeanplc.com
Software & computer services	0.2%	0.1%	31 Dec '15	27,374	(1,397)	29,476	0.2%	www.bradypplc.com
Support services	1.7%	0.1%	31 Mar '16	10,766	(260)	5,262	1.7%	www.grafeniam.com
Media	3.2%	0.1%	31 Jan '16	2,130	(204)	1,424	3.2%	www.vitessemedia.co.uk
Food & drug retailers	1.9%	0.1%	31 Mar '16	15,317	(3,658)	517	14.6%	www.uvenco.co.uk
Healthcare equipment & services	0.6%	0.0%	31 Mar '16	500	(400)	1,220	0.6%	www.aortech.net
Support services	0.3%	0.0%	31 Dec '15	24,864	426	3,487	0.3%	www.kellangroup.co.uk
Beverages	0.1%	0.0%	31 Mar '16	1,169	(98)	2,763	0.1%	www.distil.uk.com
Software & computer services	0.1%	0.0%	31 Mar '16	7,730	(970)	1,230	0.1%	www.zoodigital.com
Media	0.0%	0.0%	31 Dec '15	85,849	4,539	2,807	0.0%	www.r4e.com
		67.7%						

Investment Portfolio Summary

Ordinary Shares	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Fully listed Equities						
NCC Group Computer security services	Jan 2011	400	400	3,275	Bid price	Ordinary shares
Braemar Shipping Services Ship Brokers	Dec 2006	63	63	43	Bid price	Ordinary shares
		463	463	3,318		
Unquoted investments						
The City Pub Company (East) A portfolio of high quality pubs located in cities and major towns in the South East including London	Oct 2013	1,125	1,125	1,438	Asset value	Ordinary shares
The City Pub Company (West) A portfolio of high quality pubs located in cities and major towns in the South East including London	Oct 2013	1,125	1,125	1,438	Asset value	Ordinary shares
Hasgrove Digital marketing and communication services	Nov 2006	1,329	1,854	1,416	Recent investment price	Ordinary shares
Heartstone Inns A group of individual Free Houses each with a distinct character in locations across Southern England	Jun 2014	1,113	1,113	1,113	Recent investment price	Ordinary shares
Access Intelligence – Loan stock Compliance software solutions for the public and private sectors	Jun 2009	1,050	1,050	1,050	Cost (reviewed for impairment)	Loan stock
Interactive Investor Online investment service	Nov 2013	1,250	1,250	1,015	Recent investment price	Ordinary shares
Syndicate Room Investment company	Aug 2016	1,000	1,000	1,000	Cost (reviewed for impairment)	Ordinary shares
Blue Inc (UK) Fashion retail chain providing affordable, fast fashion predominantly for younger male consumers	Sep 2014	2,000	2,000	341	Asset value	Ordinary shares
Optimisa Marketing services group providing marketing consultancy and research	Oct 2007	76	479	88	Asset value	Ordinary shares
		10,068	10,996	8,899		
Total qualifying investments		65,754	66,238	112,171		
Non-qualifying investments						
OEIC funds managed by Unicorn Asset Management	Dec 2001	3,705	3,688	7,851	Bid price	B shares
Fully listed equities						
Mears Group	May 2007	867	867	1,487	Bid price	Ordinary shares
Macfarlane Group	Sep 2010	642	642	1,450	Bid price	Ordinary shares
Renold	Apr 2010	880	880	1,163	Bid price	Ordinary shares
Communis	Jun 2015	1,045	1,045	763	Bid price	Ordinary shares
Braemar Shipping Services	Dec 2006	535	535	366	Bid price	Ordinary shares
Lloyds Banking Group 9.25% Preference Shares	Jan 2016	267	267	306	Bid price	Preference shares
Imperial Brands	Jan 2016	253	253	286	Bid price	Ordinary shares
Vodafone	Jan 2016	221	221	222	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Software & computer services	0.3%	2.3%	31 Mar '16	209,102	9,428	262,925	0.5%	www.nccgroup.com
Industrial transportation	0.4%	0.0%	29 Feb '16	159,125	9,926	107,305	1.9%	www.braemar.com
		2.3%						
Travel & leisure	8.0%	1.0%	27 Dec '15	11,659	(13)	14,482	8.0%	www.citypubcompanyeast.com
Travel & leisure	8.0%	1.0%	27 Dec '15	8,653	383	14,276	8.0%	www.citypubcompanywest.com
Media	22.7%	0.9%	31 Dec '15	5,827	(563)	4,634	24.3%	www.hasgrove.com
Travel & leisure	7.1%	0.7%	31 Dec '15	8,212	180	12,900	7.1%	www.heartstoneinns.co.uk
Software & computer services	N/A	0.7%	30 Nov '15	10,856	(3,977)	3,761	N/A	www.accessintelligence.com
Financial services	11.8%	0.7%	30 Jun '15	16,282	(992)	6,336	11.8%	www.iii.co.uk
Financial services	4.2%	0.7%	31 Dec '15	323	(880)	665	4.2%	www.syndicateroom.com
Retail	6.9%	0.2%	31 Dec '13	98,685	(1,056)	3,606	6.9%	www.blueinc.co.uk
Media	3.9%	0.1%	31 Dec '15	6,580	271	8,432	3.9%	www.optimisapl.com
		6.0%						
		76.0%						
OEIC	N/A	5.3%					N/A	www.unicornam.com
Support services	0.3%	1.0%	31 Dec '15	881,139	25,920	191,628	0.6%	www.mearsgroup.co.uk
General industrials	1.8%	1.0%	31 Dec '15	169,132	6,767	33,472	5.0%	www.macfarlanegroup.com
Industrial engineering	1.3%	0.8%	31 Mar '16	165,200	7,400	10,500	1.3%	www.renold.com
Support services	1.0%	0.5%	31 Dec '15	354,220	17,265	126,814	1.0%	www.communisis.com
Industrial transportation	0.4%	0.2%	29 Feb '16	159,125	9,926	107,305	1.9%	www.braemar.com
Banks	N/A	0.2%	31 Dec '15	N/A	N/A	N/A	N/A	www.lloydsbankinggroup.com
Tobacco	0.0%	0.2%	30 Sep '15	25,289,000	1,756,000	5,696,000	0.0%	www.imperial-tobacco.com
Mobile telecommunications	0.0%	0.2%	31 Mar '16	40,973,000	(449,000)	67,317,000	0.0%	www.vodafone.com

Investment Portfolio Summary

Ordinary Shares	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
AIM quoted entities						
Pinewood Group	Apr 2015	1,900	1,900	2,837	Bid price	Ordinary shares
Wyg	Dec 2013	1,497	1,497	1,540	Bid price	Ordinary shares
Arbuthnot Banking Group	Jun 2014	1,165	1,165	1,488	Bid price	Ordinary shares
Augean	Sep 2004	1,076	1,144	1,448	Bid price	Ordinary shares
Hayward Tyler Group	Dec 2010	867	867	1,153	Bid price	Ordinary shares
Epwin Group	Jul 2014	1,000	1,000	1,100	Bid price	Ordinary shares
Dillistone Group	Jun 2006	722	721	895	Bid price	Ordinary shares
Sinclair Pharma (formerly Sinclair IS Pharma)	Mar 2008	704	732	699	Bid price	Ordinary shares
Science Group (formerly Sagentia Group)	Jun 2010	203	203	649	Bid price	Ordinary shares
Belvoir Lettings	Jul 2015	479	479	566	Bid price	Ordinary shares
Portmeirion Group	Sep 2010	203	203	376	Bid price	Ordinary shares
Gama Aviation	Nov 2010	751	751	362	Bid price	Ordinary shares
Driver Group	Aug 2006	561	561	282	Bid price	Ordinary shares
Caretech Holdings	Mar 2010	400	400	263	Bid price	Ordinary shares
IQE	May 2011	187	187	183	Bid price	Ordinary shares
Other AIM listed entities each valued at less than £60k		319	319	181	Bid price	Ordinary shares
Unquoted Investments						
Interactive Investor	Nov 2013	2,197	2,197	2,070	Asset value	Ordinary shares
The City Pub Company (East)	Jul 2015	1,000	1,000	1,000	Cost (reviewed for impairment)	Preference shares
The City Pub Company (West)	Jul 2015	1,000	1,000	1,000	Cost (reviewed for impairment)	Preference shares
APC Technology - Loan stock	Jul 2012	250	250	125	Cost (reviewed for impairment)	Loan stock
Unlisted equities	N/A	368	368	-	Full provision	Ordinary shares
Total non-qualifying investments		25,264	25,342	32,111		
Total investments		91,018	91,580	144,282		
Current assets				3,720		
Current liabilities				(259)		
Net assets				147,743		

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

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Support services	0.9%	1.9%	31 Mar '16	83,182	7,828	126,356	1.3%	www.pinewoodshepperton.com
Support services	2.1%	1.0%	31 Mar '16	132,820	2,220	28,280	2.1%	www.wyg.com
Financial services	0.7%	1.0%	31 Dec '15	N/A	22,570	191,400	1.2%	www.arbuthnotgroup.com
Support services	3.1%	1.0%	31 Dec '15	61,005	2,524	54,398	3.2%	www.augeanplc.com
Industrial engineering	2.5%	0.8%	31 Mar '16	61,650	2,990	25,810	2.5%	www.haywardtyler.com
Construction and materials	0.7%	0.7%	31 Dec '15	25,600	18,600	80,100	6.4%	www.epwin.co.uk
Software & computer services	8.1%	0.6%	31 Dec '15	9,437	1,072	7,159	8.1%	www.dillistonegroup.com
Pharmaceuticals & biotechnology	0.5%	0.5%	30 Jun '15	75,890	(8,150)	105,570	0.5%	www.sinclairpharma.com
Support services	1.2%	0.4%	31 Dec '15	31,220	2,440	37,230	1.2%	www.sciencegroup.com
Real estate investment & services	6.0%	0.4%	31 Dec '15	6,947	2,224	14,421	6.0%	www.belvoirlettingsplc.com
Household goods & home construction	0.4%	0.3%	31 Dec '15	68,670	8,650	36,520	0.4%	www.portmeiriongroup.com
Industrial transportation	1.7%	0.2%	31 Dec '15	\$236,017	\$6,876	\$55,654	1.7%	www.gamaaviation.com
Support services	5.1%	0.2%	30 Sep '15	47,950	(1,863)	12,062	5.1%	www.driver-group.com
Healthcare equipment & services	0.2%	0.2%	30 Sep '15	124,270	9,400	133,700	0.2%	www.caretech-uk.com
Technical hardware & equipment	0.1%	0.1%	31 Dec '15	114,020	19,380	147,030	0.1%	www.iqep.com
Other AIM listed	0.1%	0.1%						
Financial services	11.8%	1.4%	30 Jun '15	16,282	(992)	6,336	11.8%	www.iii.co.uk
Travel & leisure	8.0%	0.7%	27 Dec '15	11,659	(13)	14,482	8.0%	www.thecitypubcompanyeast.com
Travel & leisure	8.0%	0.7%	27 Dec '15	8,653	383	14,276	8.0%	www.thecitypubcompanywest.com
Electronic & electrical equipment	N/A	0.1%	31 Aug '15	31,069	(5,774)	13,691	N/A	www.apc-plc.co.uk
		0.0%						
		21.7%						
		97.7%						
		2.5%						
		(0.2%)						
		100.0%						

Board of Directors

Peter Dicks

Status: Independent, non-executive Chairman.

Age: 74.

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a venture capital company. He is currently a director of a number of quoted and unquoted companies, including Mears Group plc, ICG Enterprise Trust plc, Miton UK MicroCap Trust plc and Interactive Investor. In addition, he is a director of Foresight VCT plc, Foresight 3 VCT plc, Foresight 4 VCT plc and Foresight Solar Fund Limited.

Length of service as at 30 September 2016: Fifteen years.

Last re-elected to the Board: 11 February 2016.

Committee memberships: Audit Committee.

Remuneration 2015/16: £27,800.

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

Relevant relationships with investee companies: Non-executive director and shareholder of Mears Group plc and Interactive Investor. Shareholder of Brady plc and Stride Gaming plc.

Shared directorships with other Directors: Director of Foresight VCT plc, of which Jocelin Harris is also a director.

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

Shareholding in the Company: 164,308 Ordinary shares.

Charlotta Ginman

Status: Independent, non-executive Director.

Age: 51.

Experience: Charlotta Ginman is currently on the boards of Polar Capital Technology Trust plc, Pacific Assets Trust plc and Motif Bio plc, where she chairs the audit committees, and is also on the board of Consort Medical plc. She previously served as a non-executive director at Wolfson Microelectronics and Kromek Group plc.

Length of service as at 30 September 2016: 3 months.

Appointed to the Board: 14 July 2016.

Committee memberships: Audit Committee.

Remuneration 2015/16: £4,820.

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: None.

James H Grossman

Status: Independent, non-executive Director.

Age: 77.

Experience: James Grossman is an international business lawyer and arbitrator with over 35 years' experience in mergers and acquisitions and venture capital transactions. He is a director of Applaud Inc., a medical device company based in San Francisco and JHG Solar Limited a tax advantaged solar company based in the United Kingdom.

Length of service as at 30 September 2016: Seven years, eight months

Last re-elected to the Board: 11 February 2016.

Committee memberships: Audit Committee.

Remuneration 2015/16: £22,250.

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

Relevant relationships with investee companies: Shareholder in Tristel plc.

Shared directorships with other Directors: None.

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

Shareholding in the Company: Beneficial holder of 8,000 Ordinary shares (held in trust).

Jeremy Hamer

Status: Independent, non-executive Director.

Age: 64.

Experience: Jeremy Hamer is a chartered accountant who spent 16 years in industry before spending five years as a VCT investment manager. Currently, he is the non-executive chairman of Uvenco plc and non-executive director of SQS Software Quality Systems AG. He is also a qualified executive coach.

Length of service as at 30 September 2016: Six years, six months.

Last re-elected to the Board: 10 January 2014.

Committee memberships: Audit Committee (Chairman).

Remuneration 2015/16: £25,000.

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

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

Shared directorships with other Directors: None.

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

Shareholding in the Company: 28,254 Ordinary shares.

Jocelin Harris

Status: Senior Independent, non-executive Director.

Age: 71.

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

Length of service as at 30 September 2016: Ten years, five months

Last re-elected to the Board: 11 February 2016.

Committee memberships: Audit Committee.

Remuneration 2015/16: £25,000.

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

Relevant relationships with investee companies: beneficial interest in Mears Group plc, Interactive Investor, Communis and Vianet Group.

Shared directorships with other Directors: Director of Foresight VCT plc, of which Peter Dicks is also a director.

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

Shareholding in the Company: 93,527 Ordinary shares.



Directors' Report

The Directors present the fifteenth Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2016 (the "Annual Report") incorporating the Corporate Governance Statement on pages 34 to 39.

The Company

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

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

The Directors

On 14 July 2016 the Board appointed Charlotta Ginman as a Director, meaning that from that date the Board consisted of five Directors. All of the Directors are non-executive and are independent of the Investment Manager, their biographies are shown on pages 26 and 27.

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

Peter Dicks, Jocelin Harris and Jeremy Hamer will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 12 January 2017. As reported last year, James Grossman has informed the Board that he intends to stand down as a Director at the Company's AGM in 2017. Charlotta Ginman, being appointed during the year, will be seeking election at the Annual General Meeting.

The AIC Code of Corporate Governance ("the AIC Code") recommends that where directors have served the Company for nine or more years, they should be subject to annual re-election. Having served for fifteen years and ten years respectively, in accordance with the AIC Code, Peter Dicks and Jocelin Harris will retire and offer themselves for re-election annually. Following a review of their performance, the Board agreed that Peter Dicks and Jocelin Harris continue to make a substantial contribution to the Board as Chairman and Senior Independent Director respectively and that their length of service was an asset to the Company. The remaining Directors have no hesitation in recommending their re-election to Shareholders.

Dividends

Details of the final dividend are set out in the Chairman's Statement on page 4.

Share Capital

At the year-end there were 92,075,311 (2015: 80,080,231) 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 14 on page 56. Subsequent to the year end, the Company bought back 190,981 shares. At the date of this report the Company therefore had 91,884,330 shares in issue. All shares are listed on the main market of the London Stock Exchange.

Directors' Indemnities and Liability Insurance

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

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

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

- The structure of the Company's capital is summarised above and in Note 14 and the voting rights are contained on page 39. There are no restrictions on voting rights or any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.
- There are no securities carrying special rights with regard to the control of the Company.
- The Company does not operate an employee share scheme.
- The Company's Articles of Association and the Companies Act 2006 contain provisions relating to the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares.
- No agreements exist to which the Company is a party that may affect its control following a takeover bid.
- There are no agreements in place between the Company and its Directors providing for compensation for loss of office in the event of the Company being taken over.

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 18.

The business model and strategy is included in the Strategic Report on pages 6 and 7.

Global greenhouse gas emissions

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

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

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

If the Company becomes "leveraged" as defined in the Regulations, it may 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 present plans to become a full scope Alternative Investment Fund.

Outlook

The likely future developments are discussed in the Outlook section of the Chairman's Statement on page 5.

Going concern

After due consideration, the Directors believe that the Company has adequate resources for the foreseeable future and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 30 September 2016, the Company held cash balances of £3.3 million. The majority of the Company's investment portfolio remains invested in fully listed and AIM quoted equities which may be realised, subject to the need for the Company to maintain its VCT status. 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 sufficient funds to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no borrowings in place and is therefore not exposed to any gearing covenants.

Auditor's right to information

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

Substantial interests

As at 22 November 2016, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

Post balance sheet events

On 13 October 2016, the Company repurchased 74,245 Ordinary Shares, representing 0.08% of the share capital in issue, for cancellation at a total cost of £104,000 equivalent to 140.2 pence per share.

On 9 November 2016, the Company repurchased 116,736 Ordinary Shares, representing 0.13% of the share capital in issue, for cancellation at a total cost of £160,000 equivalent to 137.1 pence per share.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11.30am on 12 January 2017 at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN is set out on pages 65 to 68 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report. The following notes provide an explanation of a number of the Resolutions that will be proposed at the meeting. Resolutions 1 to 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 more than 75% of the votes cast at the meeting to be passed. Resolutions 11 to 13 are the usual resolutions that have been passed in previous years and are in substitution for existing authorities, Resolutions 11 and 12 being intended, inter alia, to enable the issue of shares pursuant to any offer for subscription. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Ordinary Business at the Annual General Meeting

Remuneration Policy

Resolution 2 allows Shareholders to have a binding vote on the Company's remuneration policy. The policy remains unchanged from that first voted on by Shareholders in 2014.

Re-appointment of Auditors

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

Election/re-election of Directors

The notice of the meeting includes resolutions to re-elect Peter Dicks, Jeremy Hamer, Jocelin Harris and elect Charlotta Ginman as Directors of the Company. The Board believes that they all bring valuable skill, experience and expertise to the Company and recommends that Shareholders vote in favour of the resolutions relating to their re-election and election.

Directors' Report

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 £459,421 representing 50% of the issued share capital at the date of this report. This authority, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2018.

Disapplication of pre-emption rights

Resolution 12 will give Directors the general authority to allot Ordinary Shares for cash without first offering the securities to existing Shareholders in certain circumstances. The resolution proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities:

- i) with an aggregate nominal value of £367,537, representing 40% of the issued share capital at the date of this report, in connection with offer(s) for subscription; and
- ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time

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

The authority conferred under this resolution, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting to be held in 2018.

Authority for the Company to purchase its own shares

Resolution 13 authorises the Company to purchase up to 13,773,461 of its own shares (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report). Purchases will be made on the open market at prices in accordance with the terms laid out in the Resolution. Shares will be purchased only in circumstances where the Board believes that it is in the best interests of the Shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in NAV per share and earnings per share. The Board currently intends to cancel those shares. Such authority would expire at the conclusion of the Annual General Meeting of the Company to be held in 2018.

At the Annual General Meeting held on 11 February 2016 Shareholders gave authority for the Company to buy back a total of 11,989,036 of its own shares. The Company has since repurchased and cancelled 1,575,543 shares and therefore has remaining authority to repurchase 10,413,493 shares which authority will lapse at the 2017 Annual General Meeting.

By order of the Board.

ISCA Administration Services Limited

Company Secretary

23 November 2016

Directors' Remuneration 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 41 to 43. Shareholders are encouraged to vote on the Remuneration Report annually at the AGM and on the Remuneration Policy at least every three years. The Board will take Shareholders' views into consideration when setting remuneration.

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

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

During the year to 30 September 2016, the Board reviewed its existing remuneration levels, having considered the substantial increase in the Company's net assets, the remuneration payable to non-executive directors of comparable VCTs, and the increasing regulatory requirements with which the sector is required to comply. Following this review, the Board agreed to increase Directors' fees by approximately 1% from 1 October 2016. For the year ended 30 September 2017, Directors' fees will be increased to £28,100 for the Chairman of the Board, £25,250 for the Chairman of the Audit Committee and the Senior Independent Director and £22,500 for the other Directors.

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 33) 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 2017 AGM, where Shareholders will have an advisory vote on the approval of the Report.

At the Annual General Meeting held on 11 February 2016, the following votes were cast on the Remuneration Report:

	Number of votes	% of votes cast
For	4,993,638	91.0%
Against	283,432	5.2%
At Chairman's discretion	210,270	3.8%
Total votes cast	5,487,340	100.0%
Number of votes withheld	70,029	

The Remuneration Policy was last approved by the Shareholders at the Annual General Meeting held on 10 January 2014 and will be put to Shareholders at the forthcoming Annual General Meeting.

Votes cast at the 2014 Annual General Meeting on the resolution were as follows:

	Number of votes	% of votes cast
For	2,705,769	89.3%
Against	143,272	4.7%
At Chairman's discretion	182,804	6.0%
Total votes cast	3,031,845	100.0%
Number of votes withheld	107,876	

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 2016		30 September 2015	
	Shares	% of share capital	Shares	% of share capital
Peter Dicks	164,308	0.18%	151,131	0.19%
Charlotta Ginman	Nil	0%	-	-
James Grossman	8,000	0.01%	5,000	0.01%
Jeremy Hamer	28,254	0.03%	28,254	0.04%
Jocelin Harris	93,527	0.10%	80,350	0.10%

There have been no other changes in the Directors' interests since 30 September 2016. 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 the Notes to the Accounts.

Pensions (audited information)

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

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

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

Relative performance of spend on pay

The table below sets out in respect of the financial year ended 30 September 2016 and the preceding financial year:

- the remuneration paid to the Directors; and
- the distributions made to Shareholders by way of dividends.

There were no share buy-backs for Treasury.

	Year ended 30 September 2016	Year ended 30 September 2015	Growth %
Total remuneration	104,870	91,800	14.2
Dividend paid	5,431,000	4,206,000	29.1

Directors' Remuneration Report

Directors' emoluments (audited information)

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

	Year ended 30 September 2016	Year ended 30 September 2015
Peter Dicks	27,800	25,500
Charlotta Ginman	4,820	-
James Grossman	22,250	20,400
Jeremy Hamer	25,000*	22,950
Jocelin Harris	25,000	22,950
TOTAL	104,870	91,800
Expenses	646	414
	105,516	92,214

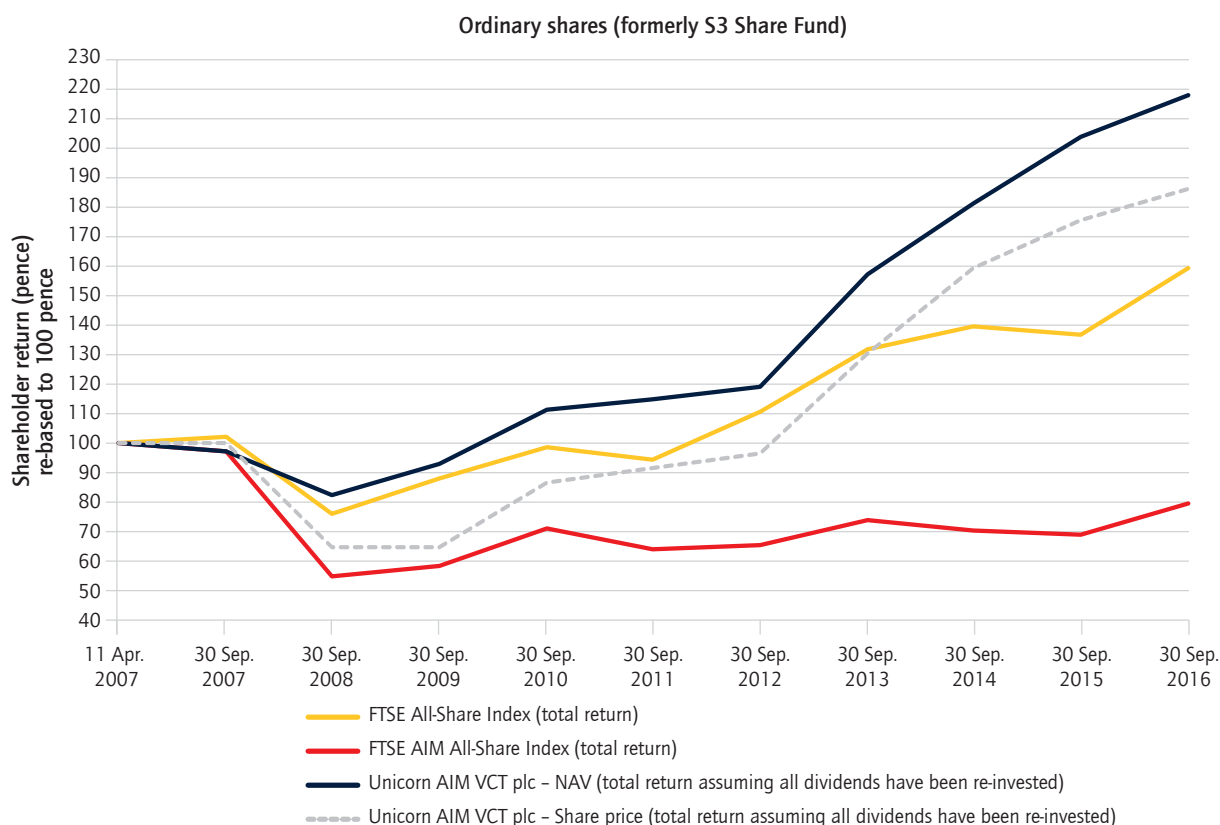
*£17,750 (2015: £16,320) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited

Total Shareholder return performance graph

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

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

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



An explanation of the performance of the Company is given in the Strategic Report on pages 3 to 11 and in the Investment Manager's Review on pages 12 to 15.

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 and considers at least annually whether the remuneration policy is fair and in line with comparable VCTs, together with the remuneration of each of the Directors.

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 successfully.

The remuneration levels are designed to reflect the duties and responsibilities of the roles and the value 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 may be used when agreeing the remuneration of any new Director.

A resolution will be put forward at the Annual General Meeting in January 2017 to allow Shareholders the opportunity to confirm approval of this policy. If received, such approval will remain valid until the Annual General Meeting in 2020.

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 £120,000 per annum.

The table below shows the expected maximum payment that can be received per annum by each Director for the year to 30 September 2017, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Director	Role	Components of Pay Package	Expected fees for the year to 30 September 2017*	Performance conditions	Company Strategy	Remuneration Policy
Peter Dicks	Chairman and Non-executive Director	Basic fee	£28,100	None	To invest in companies which have a demonstrable record of profitability and positive cash generation.	The levels of remuneration are considered to be sufficient to attract, retain and motivate directors with the required ability to review and challenge the Investment Manager's performance in implementing the Company's strategy.
Charlotta Ginman	Non-executive Director		£22,500			
James Grossman	Non-executive Director		£6,290			
Jeremy Hamer	Non-executive Director and Chairman of the Audit Committee		£25,250			
Jocelin Harris	Non-executive Senior Independent Director		£25,250			

* As stated on page 31, following a review of fees payable to Directors, the Board has approved an increase of 1% per annum for each of the current Directors with effect from 1 October 2016.

Terms of Appointment

All of the Directors are non-executive and none of the Directors has a service contract with the Company. Part of the fee payable to Jeremy Hamer is paid via his consultancy company and a separate agreement has been entered into with that 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 meet what is expected of them and to disclose their other significant commitments to the Board before appointment. Copies of the letters appointing the Directors are made available for inspection

at each General Meeting of the Company and on application to the Company Secretary.

A Director's appointment may be terminated on three months' notice being given by 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
23 November 2016

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies ("AIC") Code of Corporate Governance 2013 (the "AIC Code") for the financial year ended 30 September 2016. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

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

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

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

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

Compliance with the UK Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code 2014 except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

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

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

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

The Board

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

Details of the Chairman's other significant time commitments are disclosed on page 26 of this Annual Report.

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

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

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

Director's attendance at Board and Committee meetings

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

Director	Board	Audit Committee
Peter Dicks	4	4
Charlotta Ginman (appointed 14 July 2016)	1	0
James Grossman	4	4
Jeremy Hamer	4	4
Jocelin Harris	4	4

Tenure

All Directors are subject to election by Shareholders at the first AGM following their appointment. Each Director retires by rotation at an AGM if they have held office as a Director at the two immediately preceding AGMs and did not retire at either of those meetings in accordance with the Articles of Association.

	Date of appointment	Last retirement by rotation/re-election	Next retirement by rotation/election/re-election due
Peter Dicks	1 October 2001	AGM 11 February 2016	AGM 2017
Charlotta Ginman	14 July 2016	N/A	AGM 2017
James Grossman	15 January 2009	AGM 11 February 2016	N/A
Jeremy Hamer	9 March 2010	AGM 10 January 2014	AGM 2017
Jocelin Harris	25 April 2006	AGM 11 February 2016	AGM 2017

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. 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. Peter Dicks has now served the Company for fifteen years and Jocelin Harris has served ten years and the Board considers that they remain independent of the Investment Manager as they continue to offer independent, professional judgement and constructive challenge to the Investment Manager. In accordance with the AIC Code, however, Peter Dicks and Jocelin Harris will offer themselves for re-election annually. Jeremy Hamer will retire by rotation and offers himself for re-election. Charlotta Ginman will offer herself for election, being her first Annual General Meeting since appointment.

Independence of Directors

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, all of the Directors are independent of the Investment Manager. Peter Dicks

is a non-executive director and shareholder in Mears Group plc and Interactive Investor, and a shareholder in Brady plc and Stride Gaming plc. Jocelin Harris has a beneficial interest in Mears Group plc, Interactive Investor, Communis and Vianet Group. James Grossman has a shareholding in Tristel plc. Jeremy Hamer is the non-executive chairman of Uvenco plc, holding 2.3% of the issued share capital and a shareholder in Avingtrans, Access Intelligence plc and Netcall plc.

The Directors who were independent of each 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 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 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 annually.

Appointment letters for new Directors include an assessment of the expected time commitment for each Board position and new Directors are asked to give an indication of their other significant time commitments. The Board adopted a formal process of recruitment when seeking the appointment of the new Director. During the year the Board sought to appoint a new member of the Board. They considered the balance of desired skills and experience necessary and also considered diversity, including gender. A list of potential candidates was compiled both from direct applications and through the Company's advisors from which a shortlist of suitable candidates was prepared. The Company did not use a recruitment agency on this occasion as a list of suitable candidates had already been compiled. The selection process involved interviews with the Board and meetings with representatives of members of the Investment Manager. Following this process, the Board agreed to appoint Charlotta Ginman as a non-executive Director. Upon appointment she was provided with an induction pack and an induction session was arranged in conjunction with the Board, the Investment Manager and the Administrator. Directors are also regularly provided with key information on the Company's policies and legal and regulatory developments. The Directors also regularly participate in industry seminars.

The Board aims to include a balance of skills and experience that the Directors believe to be appropriate to the management of the Company. The Chairman fully meets the independence criteria

Corporate Governance Statement

as set out in the AIC Code. The effectiveness of the Board and the Chairman is reviewed annually as part of the internal control process led by the Board.

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

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

Management

Investment Manager

Unicorn Asset Management Limited was appointed as Investment Manager to the Company on 1 October 2001. This agreement was amended on 9 March 2010 and again on 12 April 2010. 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 in unquoted investments.

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

The Directors regularly review the investment performance of the Investment Manager. Terms of the IMA and policies covering key operational issues are reviewed with the Investment Manager at least annually. The Board believes that the continued appointment of the Investment Manager remains in Shareholders' best interests and the investment criteria remain appropriate. Furthermore, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review and the Investment Portfolio Summary on pages 12 to 25 and the Financial Highlights on page 2. Details of the management fee and incentive fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 50. The Board and the Investment Manager aim to operate in a co-operative and open manner notwithstanding the Board maintaining 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.

Corporate Broker

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

VCT status monitoring

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

Internal controls

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

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

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

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

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

- the valuations prepared by the Investment Manager are entered into the accounting system and reconciled by the Administrator. Controls are in place to ensure the effective segregation of these two tasks;
- the Administrator cross-checks the monthly valuations of Listed and AIM companies to an independent data source;

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

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

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 14 November 2016. The Board has identified no issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Report of the Audit Committee

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

The Committee meets quarterly and its responsibilities are set out in its terms of reference, which are available on the Company's

website (www.unicornaimvct.co.uk) or can be requested from the Company Secretary.

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

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

Financial Statements

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

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

The valuation of the Company's quoted and unquoted investments

Valuations of listed, AIM quoted and unquoted investments are prepared by the Investment Manager. All listed and AIM quoted valuations are independently checked by the Administrator. The Committee reviewed the estimates and judgements made in relation to the unquoted investments and was satisfied they were appropriate. The Committee also discussed the controls in place over the valuation of the quoted investments and the judgements made when considering if any losses on investments held were realised, and considered that no further permanent impairments were necessary.

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

Corporate Governance Statement

Revenue Recognition

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

Completeness and control of expenditure

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

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

Relationship with the External Auditor

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

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

- demonstrated strong technical knowledge and a clear understanding of the business;
- indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;
- an audit team that is appropriately resourced;
- demonstrated a proactive approach to the audit planning process, engaging with the Committee chairman and other key individuals;
- provided a clear explanation of the scope and strategy of the audit;

- the ability to communicate clearly and promptly with the members of the Committee, the Administrator and the Investment Manager and produce comprehensive reports on its findings;
- maintained independence and objectivity; and
- charged justifiable fees in light of the scope of services provided.

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

The Committee considered the appointment of the External Auditor and confirmed that it is satisfied with the standard of service received. Should the Committee be dissatisfied, a tender process would be undertaken. A tender was last undertaken when the Company was incorporated in 2001, although there has been more than one rotation of the engagement partner since that date. The Committee has been satisfied with the performance of the External Auditor but, in line with the new Ethical Standard, has agreed to undertake a tendering process when the current engagement partner steps down.

Non-audit services

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

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

The Committee is of the opinion that it was in the interests of the Company to purchase non-audit services from the External Auditor, which comprised tax compliance, iXBRL tagging and a review of the half year accounts because of the External Auditor's greater knowledge of the Company and finances.

Having regard to all of the relevant factors, the Committee has recommended to the Board that, subject to Shareholder approval at the 2017 AGM, BDO LLP be re-appointed as the External Auditor of the Company for the forthcoming year.

Further Disclosures

Amendment of the Company's Articles of Association

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

Share capital and voting rights

Details of the Company's share capital can be found on page 28 and in Note 14 and substantial shareholdings can be found in the Directors' Report on page 29. 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 shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time for holding the meeting.

As detailed in the Company's Articles of Association, the shares in issue rank equally in all respects and are entitled to dividends paid out of 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 the financial rights carried by the Company's shares.

Powers of the Directors

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

Relations with Shareholders

Communication with Shareholders is considered a high priority.

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

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

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

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

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

By order of the Board

ISCA Administration Services Limited

Company Secretary

23 November 2016



Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP') (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provided the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Website publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

For and on behalf of the Board:

Peter Dicks

Chairman

23 November 2016

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

Our opinion on the Financial Statements

In our opinion the Unicorn AIM VCT plc Financial Statements for the year ended 30 September 2016, which have been prepared by the Directors in accordance with applicable law and United Kingdom Accounting Standards:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

What our opinion covers

Our audit opinion on the Financial Statements covers the:

- Income Statement;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Related Notes

Respective responsibilities of Directors and auditor

As explained more fully in the report of the Directors, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

A description of the scope of an audit of Financial Statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

An overview of the scope of the audit including our assessment of the risk of material misstatement

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

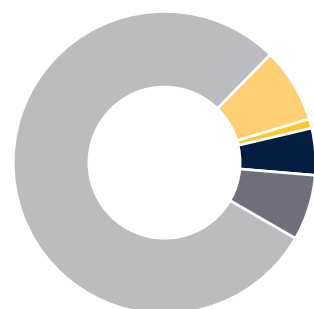
Investments

The outcome of our risk assessment was that the valuation of investments was considered to be the area with the greatest effect on the overall audit strategy including the allocation of resources in the audit.

The valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.

We performed initial analytical procedures to determine the extent of our work considering, inter alia, the value of individual investments, the nature of the investment and the extent of the fair value movement. A breakdown of the investment portfolio by nature of instrument type is shown below.

Investment Portfolio by Type



■ Unicorn OEIC funds	5%
■ Fully listed	7%
■ Traded on AIM/ISDX Market	79%
■ Unquoted shares	8%
■ Unquoted loan stock	1%

In respect of fully listed investments, those traded on AIM/ISDX Market and the Unicorn OEIC funds, we confirmed that the correct bid price had been used and that there were no contra indicators, such as liquidity considerations, to suggest the price was not the most appropriate indication of fair value. 91% of the portfolio is valued at bid price.

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

9% of the portfolio is in unlisted private company investments; held in shares and loan stock. In respect of a sample of these investments, we:

- Reviewed the valuation methodology and supporting documentation
- Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines
- Verified the cost or price of recent investment to supporting documentation and reviewed the Investment Manager's determination of whether there were any reasons why the valuation did not remain appropriate
- Re-performed the calculation of the investment valuations
- Verified and benchmarked key inputs and estimates to independent information and our own research

- Challenged the assumptions inherent in the valuation of unlisted investments, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements
- Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation
- For all investments tested, we developed our own point estimate where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased

The audit committee's consideration of their key issues is set out on pages 37 and 38.

Materiality in context

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, 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. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality – Based on 1% of invested assets	Assessing whether the Financial Statements as a whole present a true and fair view	<ul style="list-style-type: none"> ■ The value of investments ■ The level of judgement inherent in the valuation ■ The range of reasonable alternative valuation 	1,440,000
Specific materiality – classes of transactions and balances which impact on revenue profits – Based on 10% of the revenue return before tax	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements	<ul style="list-style-type: none"> ■ The level of net income return 	110,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £15,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Statement regarding the Directors' assessment of principal risks, going concern and longer term viability of the Company

We have nothing material to add or to draw attention to in relation to:

- the Directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements; and
- the Directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 29, in relation to going concern and on page 11 in relation to longer-term viability; and
- the 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.

We have nothing to report in respect of these matters.

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

23 November 2016

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



Income Statement

for the year ended 30 September 2016

	Notes	Year ended 30 September 2016			Year ended 30 September 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised gains on investments	9	-	9,365	9,365	-	14,384	14,384
Net gains on realisation of investments	9	-	819	819	-	470	470
Income	2	2,360	-	2,360	1,885	-	1,885
Investment management fees	1f & 3	(651)	(1,953)	(2,604)	(477)	(1,430)	(1,907)
Other expenses	4	(631)	-	(631)	(585)	-	(585)
Profit on ordinary activities before taxation		1,078	8,231	9,309	823	13,424	14,247
Tax on profit on ordinary activities	6	-	-	-	-	-	-
Profit on ordinary activities after taxation for the financial year		1,078	8,231	9,309	823	13,424	14,247
Basic and diluted earnings per share: Ordinary shares	8	1.22p	9.34p	10.56p	1.11p	18.12p	19.23p

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 issued in November 2014 by the Association of Investment Companies ("AIC SORP").

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

The notes on pages 48 to 63 form part of these financial statements.

Statement of Financial Position

as at 30 September 2016

Company number 04266437

	Notes	30 September 2016		30 September 2015	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value	9		144,282		122,582
Current assets					
Debtors	11	422		367	
Current investments	12	-		1	
Cash at bank and in hand		3,298		1,952	
		3,720		2,320	
Creditors: amounts falling due within one year	13	(259)		(286)	
Net current assets			3,461		2,034
Net assets			147,743		124,616
Capital					
Called up share capital	14		921		801
Capital redemption reserve			53		37
Share premium account			58,394		37,206
Capital reserve			58,323		49,322
Special reserve			21,756		27,927
Profit and loss account			8,296		9,323
Equity Shareholders' funds			147,743		124,616
Net asset value per share of 1 pence each:					
Ordinary shares	16		160.46p		155.61p

The financial statements were approved and authorised for issue by the Board of Directors on 23 November 2016 and were signed on their behalf by:

Peter Dicks

Chairman

The notes on pages 48 to 63 form part of these financial statements.



Statement of Changes in Equity

for the year ended 30 September 2016

	Called up share capital	Capital redemption reserve	Share premium account	Unrealised capital reserve	Special reserve*	Profit and loss account*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2015	801	37	37,206	49,322	27,927	9,323	124,616
Shares repurchased for cancellation and cancelled (see Note 15)	(16)	16	-	-	(2,206)	-	(2,206)
Shares issued under Offer for Subscription (see Note 15)	65	-	9,934	-	-	-	9,999
Expenses of shares issued under Offer for Subscription (see Note 15)	-	-	(181)	-	-	-	(181)
Shares issued as part of the Rensburg Merger (see Note 9)	71	-	11,435	-	-	-	11,506
Unclaimed dividends released by Rensburg	-	-	-	-	-	131	131
Transfer to special reserve	-	-	-	-	(3,965)	3,965	-
Gains on disposal of investments (net of transaction costs)	-	-	-	-	-	819	819
Realisation of previously unrealised valuation movements	-	-	-	(364)	-	364	-
Net increases in unrealised valuations in the year	-	-	-	9,365	-	-	9,365
Dividends paid	-	-	-	-	-	(5,431)	(5,431)
Investment Management fee charged to capital	-	-	-	-	-	(1,953)	(1,953)
Profit for the year	-	-	-	-	-	1,078	1,078
At 30 September 2016	921	53	58,394	58,323	21,756	8,296	147,743
At 1 October 2014	642	24	13,372	32,320	34,402	11,452	92,212
Shares repurchased for cancellation and cancelled	(13)	13	-	-	(1,643)	-	(1,643)
Shares issued under Offer for Subscription	172	-	24,400	-	-	-	24,572
Expenses of shares issued under Offer for Subscription	-	-	(566)	-	-	-	(566)
Transfer to special reserve	-	-	-	-	(4,832)	4,832	-
Gains on disposal of investments (net of transaction costs)	-	-	-	-	-	470	470
Realisation of previously unrealised valuation movements	-	-	-	2,618	-	(2,618)	-
Net increases in unrealised valuations in the year	-	-	-	14,384	-	-	14,384
Dividends paid	-	-	-	-	-	(4,206)	(4,206)
Investment Management fee charged to capital	-	-	-	-	-	(1,430)	(1,430)
Profit for the year	-	-	-	-	-	823	823
At 30 September 2015	801	37	37,206	49,322	27,927	9,323	124,616

* The special reserve and profit and loss account are distributable to Shareholders.

The notes on pages 48 to 63 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 September 2016

		30 September 2016		30 September 2015	
	Notes	£'000	£'000	£'000	£'000
Operating activities					
Investment income received		2,226		1,699	
Investment management fees paid		(2,604)		(1,907)	
Other cash payments		(686)		(474)	
Net cash outflow from operating activities	17		(1,064)		(682)
Investing activities					
Rensburg unclaimed dividends and other income		147		-	
Purchase of investments	9	(13,370)		(19,542)	
Sale of investments	9	13,450		2,855	
Decrease in current investments		1		-	
			228		(16,687)
Net cash outflow before financing			(836)		(17,369)
Financing					
Dividends paid	7	(5,431)		(4,206)	
Shares issued under Offer for Subscription (net of transaction costs)	15	9,818		24,000	
Shares repurchased for cancellation	15	(2,206)		(1,643)	
			2,181		18,151
Net increase in cash and cash equivalents			1,345		782
Cash and cash equivalents at 30 September 2015			1,953		1,171
Cash and cash equivalents at 30 September 2016			3,298		1,953

The notes on pages 48 to 63 form part of these financial statements.



Notes to the Financial Statements

for the year ended 30 September 2016

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under FRS 102 and the SORP issued by the Association of Investment Companies in November 2014.

The Company has adopted FRS 102 for the first time which applies to accounting periods commencing on or after 1 January 2015. The transition to FRS 102 has had no impact on the previously reported financial position and financial performance.

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 and loss.

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

b) Presentation of the Income Statement

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

c) Investments

All investments held by the Company are classified as "fair value through profit and loss" and valued in accordance with FRS 102 and the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in December 2015. 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.

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. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines and in accordance with FRS 102:

All unlisted investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

or:

- b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where 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 available evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.
 - (iii) Redemption premiums on loan stock investments are recognised at fair value when the Company receives the right to the premium and when considered recoverable.

d) Income

Dividends receivable on quoted equity shares are brought into account 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.

e) Capital reserves

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

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments; and
- 75% of investment management fee expense, together with the related tax effect to this reserve in accordance with the accounting policies.

(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 and 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.

f) Expenses

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

g) Taxation

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

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

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

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

h) Cash and cash equivalents

This includes cash at bank and in hand and in the previous year, the current investments disclosed in Note 12, regarded as available for investment, rather than to meet the Company's running expenses.

i) Judgements and estimates

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

Notes to the Financial Statements

for the year ended 30 September 2016

2 Income

	2016 £'000	2015 £'000
Income from investments		
– from equities	2,007	1,610
– from loan stocks	226	196
– from money-market funds and Unicorn managed OEICs	127	79
Total income	2,360	1,885
Total income comprises:		
Dividends	2,134	1,689
Interest	226	196
	2,360	1,885
Income from investments comprises:		
Listed UK securities	315	339
Unlisted UK securities (AIM and unquoted companies)	2,045	1,546
	2,360	1,885

3 Investment Manager's fees

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unicorn Asset Management Limited	651	1,953	2,604	477	1,430	1,907

Unicorn Asset Management Limited ("UAML") receives an annual management fee of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, which are also managed by UAML. The annual management fee charged to the Company is calculated and payable quarterly in advance. In the year ended 30 September 2016, UAML also earned fees of £56,000 (2015: £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 Smaller Companies OEIC, Unicorn UK Growth OEIC (formerly Unicorn Free Spirit OEIC), Unicorn Mastertrust OEIC and Unicorn UK Ethical Fund OEIC.

The management fee will be subject to repayment to the extent that there is an excess of the annual costs of the Company incurred in the ordinary course of business over 3.6% of the closing net assets of the Company at the year end. There was no excess of expenses for 2015/16 or the prior year.

Under an Amended Incentive Agreement with UAML dated 12 April 2010, the Investment Manager is entitled to a performance incentive fee of 20% of any cash distributions (by dividend or otherwise) paid to Shareholders in excess of 6 pence per Ordinary share paid in any accounting period – "the target return" and subject to the maintenance of a net asset value (NAV) per share of 125 pence or more, as calculated in the Annual Report and accounts for the year relating to such payments. The target return applies for accounting periods starting after 1 October 2010. In the event that the target distribution of 6 pence per share is not paid in a particular accounting period, the shortfall of such distributions will be carried forward to subsequent accounting periods and any incentive fee will not be payable until this shortfall is met. No incentive fee is payable for the year ended 30 September 2016 and none was due for the year ended 30 September 2015.

4 Other expenses

	2016 £'000	2015 £'000
Directors' remuneration	105	92
IFA trail commission	156	89
Administration services	120	133
Broker's fees	14	14
Custody fees	54	69
Auditors' fees		
- for audit related services pursuant to legislation	22	21
- review of Interim Statement	4	4
- for taxation services	4	4
VCT compliance monitoring fees	11	11
Other professional fees	5	16
Directors' insurance	6	6
Registrar's fees	48	47
Printing	21	28
Sundry	61	51
	631	585

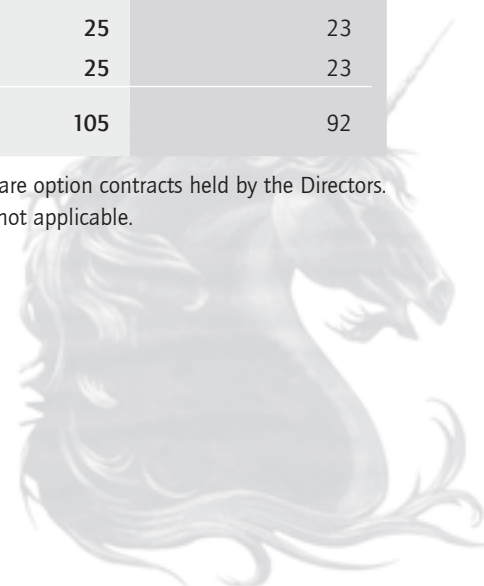
The Directors consider the auditors were best placed to provide the taxation and other services. The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

5 Directors' remuneration

	2016 £'000	2015 £'000
Directors' emoluments		
Peter Dicks	28	26
Charlotta Ginman (appointed 14 July 2016)	5	-
James Grossman	22	20
Jeremy Hamer	25	23
Jocelin Harris	25	23
	105	92

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

for the year ended 30 September 2016

6 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2016 £'000	2015 £'000
Current and total tax charge (Note 6b)	-	-

b) Factors affecting tax charge for the year:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	9,309	14,247
Profit on ordinary activities multiplied by standard small profits rate of corporation tax in the UK of 20% (2015: 20%)	1,862	2,849
Non-taxable UK dividend income	(401)	(322)
Non-taxable unrealised gains	(1,873)	(2,877)
Non-taxable realised gains	(164)	(94)
Allowable expense not charged to revenue	391	286
Deferred tax not recognised	185	158
Actual current charge - revenue	-	-
Impact of allowable expenditure credited to capital reserve	(391)	(286)
Additional losses carried forward to future years	391	286
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 obtain approval 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 is £3,810,000 (30 September 2015: £3,234,000).

7 Dividends

	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the year:		
Final capital dividend of 5.25 pence (2015: 5.50 pence) per share for the year ended 30 September 2015 paid on 19 February 2016	4,562	3,856
Final income dividend of 1.0 pence (2015: 0.50 pence) per share for the year ended 30 September 2015 paid on 19 February 2016	869*	350
	5,431	4,206

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

* The amount actually paid in dividends for 2015 differs from that shown in last years Annual Report as 7,075,352 shares were issued and 257,426 bought back between 1 October 2015 and the record date of 29 January 2016.

Set out below are the total income dividends payable in respect of the 2015/16 financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

	2016 £'000	2015 £'000
Revenue available for distribution by way of dividends for the year	1,078	823
Proposed final income dividend of 1.0 pence (2015: 1.0 pence) for the year ended 30 September 2016	919†	800

† Based on 91,884,330 shares in issue at the date of this report.

8 Basic and diluted earnings and return per share

	2016 £'000	2015 £'000
Total earnings after taxation:	9,309	14,247
Basic and diluted earnings per share (Note a)	10.56p	19.23p
Net revenue from ordinary activities after taxation	1,078	823
Revenue earnings per share (Note b)	1.22p	1.11p
Total capital return	8,231	13,424
Capital earnings per share (Note c)	9.34p	18.12p
Weighted average number of shares in issue in the year	88,133,530	74,087,534

Notes

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

There are no instruments in place that will 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

for the year ended 30 September 2016

9 Investments at fair value

	Fully listed	Traded on AIM/ISDX Market	Unlisted shares	Unlisted loan stock	Unicorn OEIC funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Book cost at 30 September 2015	7,294	52,181	12,570	2,150	4,704	78,899
Unrealised gains/(losses) at 30 September 2015	4,576	41,076	900	(725)	3,495	49,322
Permanent impairment in value of investments	-	(5,059)	(580)	-	-	(5,639)
Valuation at 30 September 2015	11,870	88,198	12,890	1,425	8,199	122,582
Purchases at cost	2,743	18,542	1,593	-	2,066	24,944
Sale proceeds	(5,341)	(5,049)	-	-	(3,060)	(13,450)
Realised gains/(losses)	203	834	-	(250)	54	841
Increase/(decrease) in unrealised gains/(losses)	(114)	11,451	(2,564)	-	592	9,365
Closing valuation at 30 September 2016	9,361	113,976	11,919	1,175	7,851	144,282
Book cost at 30 September 2016	5,173	67,257	13,583	1,300	3,705	91,018
Unrealised gains/(losses) at 30 September 2016	4,188	51,778	(1,664)	(125)	4,146	58,323
Permanent impairment in value of investments (see note)	-	(5,059)	-	-	-	(5,059)
Closing valuation at 30 September 2016	9,361	113,976	11,919	1,175	7,851	144,282

Transaction costs on the purchase and disposal of investments of £22,000 were incurred in the year. These are excluded from realised gains shown above of £841,000, but were deducted in arriving at gains on realisation of investments disclosed in the Income Statement of £819,000.

Note: Unlisted ordinary shares now permanently impaired of £nil (2015: £580,000) had been traded on AIM originally. By the time they became permanently impaired, they had delisted from AIM and they are therefore classified as unlisted ordinary shares. These shares were disposed of during the year. In addition, permanent impairments of £5,059,000 continue to be held in respect of losses on quoted investments held at the year end. There were no additional impairments provided for in the year.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Statement of Cash Flows is £11,574,000. This is because the £11,498,000 purchase of the investments from Rensburg AIM VCT plc arose from a share for share exchange (i.e. non-cash) transaction and other non-cash transactions of £76,000.

As part of the Rensburg AIM VCT plc merger the Company acquired the following assets and liabilities:

	£'000
Fully listed and AIM shares at bid price	10,905
Unquoted shares at Directors' valuation	593
	11,498
Cash and other assets	253
Other liabilities	(245)
Total net assets	11,506

Of the investments received as part of the Rensburg merger, £7,508,000 were qualifying investments and £3,990,000 were non-qualifying.

As consideration for the net assets the Company issued 7,075,352 shares at an issue price of 162.614417 for a total consideration of £11,506,000 as shown in note 14.

10 Significant interests

At 30 September 2016 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	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 %
Totally	2,607	-	2,607	24.2
Hasgrove	1,329	-	1,329	22.7
Interactive Investor	3,447	-	3,447	11.8
Surface Transforms	1,500	-	1,500	10.4
Access Intelligence	1,667	1,050	2,717	9.8
HML Holdings	446	-	446	9.5
Anpario	1,586	-	1,586	9.5
Crawshaw Group	1,539	-	1,539	9.2
Directa Plus	3,000	-	3,000	9.1
PhotonStar LED Group	747	-	747	9.1
European Wealth Group	1,759	-	1,759	8.9
PHSC	253	-	253	8.5
Dillistone Group	1,078	-	1,078	8.1
Animalcare Group	2,438	-	2,438	8.0
City Pub Company (East)	1,125	1,000	2,125	8.0
City Pub Company (West)	1,125	1,000	2,125	8.0
Heartstone Inns	1,113	-	1,113	7.1
Blue Inc	2,000	-	2,000	6.9
Tracsis	1,585	-	1,585	6.7
Osirium Technologies	1,000	-	1,000	6.2
Belvoir Lettings	2,362	-	2,362	6.0
Avingtrans	997	-	997	5.9
ULS Technology	1,500	-	1,500	5.8
Surgical Innovations Group	463	-	463	5.5
Driver Group	1,113	-	1,113	5.1
MaxCyte	1,500	-	1,500	4.9
eg solutions	706	-	706	4.6
Touchstar Technologies	338	-	338	4.6
Hardide	1,000	-	1,000	4.5
Sanderson Group	1,362	-	1,362	4.4
Syndicate Room	1,000	-	1,000	4.2
Mattioli Woods	1,686	-	1,686	4.0
Omega Diagnostics	518	-	518	3.9
Optimisa	76	-	76	3.9
Pressure Technologies	1,142	-	1,142	3.9
Tristel	878	-	878	3.9
Instem	985	-	985	3.6
Cohort	1,416	-	1,416	3.2
Vitesse Media	160	-	160	3.2
Augean	1,576	-	1,576	3.1

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

At 30 September 2016, the Company held 4.7% of the B shares issued by Unicorn UK Smaller Companies Fund, 6.8% of the Unicorn Mastertrust Fund, 12.4% of the B shares issued by the Unicorn UK Growth Fund and 17.2% of the shares issued by the Unicorn UK Ethical Income Fund. Unicorn UK Smaller Companies Fund, Unicorn Mastertrust Fund, Unicorn UK Growth Fund and Unicorn UK Ethical Income Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

The total percentage of equity held in the Company's investments by funds managed by UAML is disclosed in the Investment Portfolio Summary on pages 16 to 23 of this Report.

Notes to the Financial Statements

for the year ended 30 September 2016

11 Debtors

	2016 £'000	2015 £'000
Amounts due within one year:		
Other debtors	6	7
Prepayments and accrued income	416	360
	422	367

12 Current investments

In the previous year, this comprised an investment in a Dublin based OEIC money market fund, managed by Blackrock Investment Management UK Limited. The funds of £nil (30 September 2015: £1,000) were subject to same day access and were repaid during the year.

13 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Other creditors	34	31
Accruals	225	255
	259	286

14 Called up share capital

	2016 £'000	2015 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 92,075,311 (2015: 80,080,231)	921	801

The Company made purchases of 1,641,988 (a total of £16,420 nominal value) of its own Ordinary shares for cash at a range of prevailing market prices between 129.65 pence and 144.72 pence per share for a total cost of £2,206,000 representing 2.1% of the opening share capital.

As part of the Company's Top up Offer for Subscription, between 11 February 2016 and 7 April 2016, 6,561,716 Ordinary shares were allotted, representing 8.2% of the opening share capital at prices ranging from 151.10 pence per share to 156.15 pence per share raising net funds of £9,818,000 from gross funds raised of £9,999,000.

The Company also issued 7,075,352 Ordinary shares as part of the Rensburg merger at a price of 162.614417 pence per share for a total consideration of £11,506,000.

Details of the purchase of shares post 30 September 2016 are given on page 63.

15 Reserves

The full details of the changes in reserves are shown in the Statement of Changes in Equity on page 46.

The purpose of the Special reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the Shareholders, make distributions and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. The total transfer of £3,965,000 to the special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year.

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

The Cash Flow Statement discloses an inflow of funds of £9,818,000 being shares issued under the Offer for Subscription of £9,999,000, less expenses of shares issued under the Offer for Subscription of £181,000, being 2.5% of amounts subscribed under the Offer less any early bird discount, which were paid to the Manager as Promoter to the Offer.

Share capital bought back in the year of £2,206,000 is comprised of 1,641,988 shares repurchased for cancellation at a cost of £2,206,000.

16 Net asset value

	2016 £'000	2015 £'000
Net Assets	147,743	124,616
Number of shares in issue	92,075,311	80,080,231
Net asset value per share	160.46p	155.61p

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

	2016 £'000	2015 £'000
Profit for the year	9,309	14,247
Net unrealised gains on investments	(9,365)	(14,384)
Net gains on realisation of investments	(819)	(470)
Transaction costs	(22)	(18)
Increase in debtors and prepayments	(49)	(188)
(Decrease)/increase in creditors and accruals	(42)	131
Reconciling items	(76)	-
Net cash outflow from operating activities	(1,064)	(682)

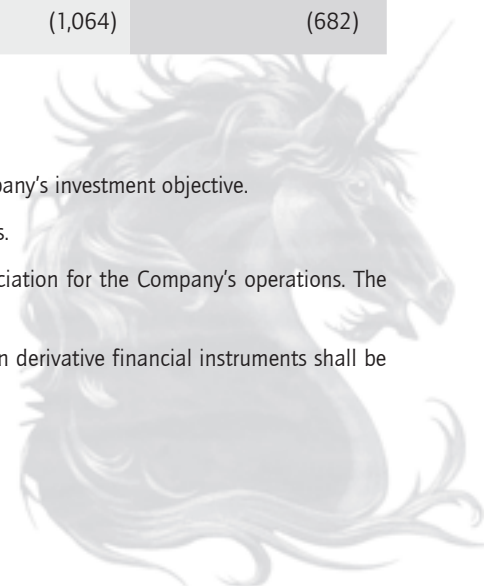
18 Financial instruments

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 for 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 period under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.



Notes to the Financial Statements

for the year ended 30 September 2016

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the Statement of Financial Position at fair value, at 30 September 2016.

	2016 (Book and fair value) £'000	2015 (Book and fair value) £'000
Assets at fair value through profit and loss:		
Investment portfolio	144,282	122,582
Current investments	-	1
Loans and receivables		
Accrued income	403	347
Other debtors	6	7
Cash at bank	3,298	1,952
Liabilities at amortised cost or equivalent		
Other creditors	(259)	(286)
Total for financial instruments	147,730	124,603
Non-financial instruments	13	13
Total net assets	147,743	124,616

The investment portfolio principally consists of fully listed and AIM quoted investments and collective OEIC investment funds managed by UAML, valued at their bid price which represents fair value. In the previous year, the current investment was a Dublin based OEIC money market fund which was redeemed during the year.

The investment portfolio has a high concentration of risk towards small, UK based companies, nearly all of which are quoted on the £ denominated UK AIM market (77.2% of net assets), or within the OEIC funds managed by UAML (5.3% of net assets), unquoted investments (8.9% of net assets) and fully listed shares (6.3% of net assets).

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

Risk

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

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

The Company's maximum exposure to credit risks at 30 September 2016 was:

	2016 £'000	2015 £'000
Loan stock investments	1,175	1,425
Money market funds	-	1
Accrued income and other debtors	409	354
Cash at bank	3,298	1,952
	4,882	3,732

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

	2016 £'000	2015 £'000
Repayable or converting within		
0 to 1 year	875	900
1 to 2 years	-	125
2 to 3 years	-	100
3 to 4 years	300	-
4 to 5 years	-	300
Total	1,175	1,425

Loan stocks totalling £750,000 are due for repayment on 31 December 2017 and £300,000 on 22 June 2020. The remaining loan stock of £250,000 was written down to £125,000 and is due for repayment on 31 July 2017.

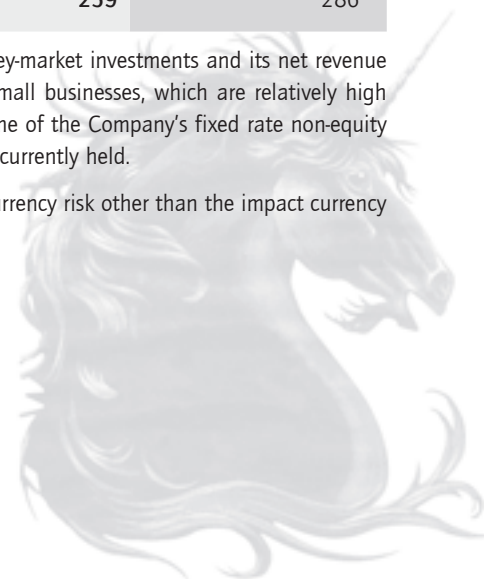
Liquidity Risk: The Company's investments in the equity, preference shares and loan stocks of unlisted and AIM listed companies and its OEIC holdings are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the Company may not be able to realise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

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

	2016 £'000	2015 £'000
Within 1 year or less	259	286

Interest Rate Risk: The value of the Company's equity and non-equity investments, OEIC money-market investments and its net revenue may be affected by interest rate movements. Investments in the portfolio include relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some 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.

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



Notes to the Financial Statements

for the year ended 30 September 2016

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, achieved by maintaining an appropriate spread of equities and other instruments. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities, which are sufficient to meet any funding commitments that may arise. The Company does not use derivative instruments to hedge against market risk.

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

As at 30 September 2016, the Unicorn UK Growth Fund's portfolio contained stocks where 44.6% by value were in AIM listed stocks, and 49.1% is in fully listed stocks with an average market capitalisation of £3.0 billion; the Unicorn UK Smaller Companies Fund contained 19.4% by value on AIM and 78.0% in fully listed stocks with an average market capitalisation of £287 million; the Mastertrust Fund contained 93.4% in fully listed stocks with an average market capitalisation of £566 million and the Unicorn UK Ethical Income Fund contained 14.0% in AIM shares and 80.9% in fully listed stocks with an average market capitalisation of £2.2 billion.

Liquidity risk: Besides the maintenance of a spread of investments within the investment portfolio, the Company maintains liquidity by holding adequate levels of cash and OEIC money market funds which are available on demand to meet future investments and running costs.

Credit Risk: All transactions are settled on the basis of delivery against payment. The Board manages credit risk in respect of the current investments and cash by ensuring that the administrator spreads such investments such that none exceeds 15% of the Company's total investment assets.

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

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

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2016 was:

	Financial net assets on which no interest paid	Fixed rate financial assets	Variable rate financial assets	Total	Weighted average interest rate	Average period to maturity
	£'000	£'000	£'000	£'000	%	(years)
Equity shares	132,950	-	-	132,950	N/A	N/A
Preference shares	-	2,306	-	2,306	6.00	N/A
Unicorn OEICs	7,851	-	-	7,851	N/A	N/A
Loan stocks	-	1,175	-	1,175	10.30	1.84
Cash	3,105	-	193	3,298		
Debtors	409	-	-	409		
Creditors	(259)	-	-	(259)		
Total for financial instruments	144,056	3,481	193	147,730		
Other non financial assets	13	-	-	13		
Total net assets	144,069	3,481	193	147,743		

The interest rate profile of the Company's financial net assets at 30 September 2015 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	110,958	-	-	110,958	N/A	N/A
Preference shares	-	2,000	-	2,000	6.00	N/A
Unicorn OEICs	8,199	-	-	8,199	N/A	N/A
Loan stocks	-	1,425	-	1,425	12.84	1.49
Money market funds	-	-	1	1	0.32	-
Cash	1,638	-	314	1,952		
Debtors	354	-	-	354		
Creditors	(286)	-	-	(286)		
Total for financial instruments	120,863	3,425	315	124,603		
Other non financial assets	13	-	-	13		
Total net assets	120,876	3,425	315	124,616		

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.

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 portfolios of investments in small companies.

For this purpose the investments in the OEICs managed by UAM are also included in this analysis. The Financial Highlights and the Investment Portfolio Summary at the front of this Annual Report give Shareholders further analysis in percentages of investments by asset class and market sector, and page 60 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. Shareholders should note that this level of correlation would not be the case in reality.

	2016 Profit and net assets £'000	2015 Profit and net assets £'000
If overall share prices rose/fell by 20% (2015: 20%), with all other variables held constant		
- increase/(decrease)	28,621/(28,621)	24,231/(24,231)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	31.08/(31.08)	30.26p/(30.26)p
If interest rates were 1% higher/(lower) (2015: 1%), with all other variables held constant		
- increase/(decrease)	22/(22)	20/(20)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.02/(0.02)p	0.01/(0.01)p

Notes to the Financial Statements

for the year ended 30 September 2016

Fair value hierarchy

The table below sets out fair value measurements using FRS 102 s11.27 fair value hierarchy, which has been adopted early. The Company has one class of assets, being at fair value through profit and loss.

Financial assets at fair value through profit and loss At 30 September 2016	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	123,031	-	9,919	132,950
Non-equity investments	306	-	2,000	2,306
Loan stock investments	-	-	1,175	1,175
Open ended Investment Companies	7,851	-	-	7,851
Total	131,188	-	13,094	144,282

Financial assets at fair value through profit and loss At 30 September 2015	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	100,068	-	10,890	110,958
Non-equity investments	-	-	2,000	2,000
Loan stock investments	-	-	1,425	1,425
Open ended Investment Companies	8,199	-	-	8,199
Money market funds	1	-	-	1
Total	108,268	-	14,315	122,583

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

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

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

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

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

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

The majority of the level 3 investments are valued at cost or recent transaction price and the remaining level 3 investments are insignificant therefore no assumptions are disclosed or sensitivity analysis provided.

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:

	Non-equity Investments	Equity Investments	Loan stock investments	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 October 2015	2,000	10,890	1,425	14,315
Purchases	-	1,593	-	1,593
Sales	-	-	-	-
Total gains/(losses) included in gains on investments in the Income Statement:				
- on assets sold	-	-	(250)	(250)
- on assets held at the year end	-	(2,564)	-	(2,564)
Closing balance at 30 September 2016	2,000	9,919	1,175	13,094

Previously, transfers into Level 3 have related to investments for which listing has been suspended during the year. Transfers out of Level 3 have related to investments which have been sold or obtained stock exchange listing during the year, having previously been unquoted. There have been no such transfers in the year.

Level 1 unquoted equity and loan stock investments are valued in accordance with the IPEVCV guidelines as follows:

	30 September 2016	30 September 2015
	£'000	£'000
Investment methodology		
Cost (reviewed for impairment)	4,175	4,538
Asset value supporting security held	5,375	2,917
Recent investment price	3,544	5,797
Realisation proceeds	-	1,063
	13,094	14,315

The valuation methodology chosen is the most appropriate for that investment, with regard to the December 2015 IPEVCV guidelines.

19 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, at least 70% of the Company's cash and investment assets (effectively the net assets) must at all times be invested in UK companies that are not fully listed. As an AIM VCT, the majority is held in ordinary shares quoted on the AIM market. Subject to retaining sufficient liquidity to cover outgoings, the level of capital deployed in such assets can and usually does exceed the 70% minimum. The overall level of capital deployed will change as the value of the investments changes. It is also reduced by dividend distributions and buying in the Company's own shares.

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

20 Segmental analysis

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

21 Post balance sheet events

On 13 October 2016, the Company repurchased 74,245 Ordinary Shares, representing 0.08% of the share capital in issue, for cancellation at a total cost of £104,000 equivalent to 140.2 pence per share.

On 9 November 2016, the Company repurchased 116,736 Ordinary Shares, representing 0.13% of the share capital in issue, for cancellation at a total cost of £160,000 equivalent to 137.1 pence per share.

22 Related Party Transactions

Details of the relationships between the Directors of the Company and Investee Companies are given in their biographies on pages 26 and 27 and the Corporate Governance Statement under "Independence of Directors" on page 35.

Uvenco (previously SnackTime) is a UK snack vending operator. Towards the end of 2015, Uvenco (of which Unicorn AIM VCT Director, Jeremy Hamer is the non-executive chairman), was in financial difficulties and proposed a balance sheet restructuring involving the conversion of debt to equity, together with the issue of new equity. The Company's Board (excluding Mr Hamer) considered the new legislation restricting the investments VCTs can make, which came into effect in November 2015 and took advice from the Company's VCT tax advisers PwC, who confirmed that participating in the restructuring could now jeopardise the Company's VCT status. In order to resolve this issue, the Board agreed to transfer the Company's ownership of its loan stock in Uvenco (which had been valued at £250,000 at the year-end) to the Investment Manager, Unicorn Asset Management, for a nominal amount. In the event that value is realised from the loan stock in due course, 75% of the proceeds will accrue to the Company and 25% to the Investment Manager, a split which the Company was advised as being the minimum acceptable to HMRC to demonstrate effective transfer of ownership. The Company has retained its equity holding in Uvenco ordinary shares which, following the restructuring, were relisted on AIM and were valued at £56,000 as at 30 September 2016 (30 September 2015: 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 Capita's electronic system at <https://www.capitashareportal.com> to receive communication by email and to ensure that their details are up to date. This portal system can also be used to register to receive dividend payments directly into their bank accounts.

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

Net asset value per share

The Company's NAV per share as at 31 October 2016 was 160.2 pence. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 6.25 pence per share. Subject to Shareholder approval, the dividend will be paid on 3 February 2017 to Shareholders on the Register on 13 January 2017.

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by telephoning the Company's Registrars, Capita Asset Services on +44 (0)371 664 0324, or by writing to them at Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or register on the Portal noted above.

Financial calendar

November 2016	Circulation of Annual Report for the year ended 30 September 2016 to Shareholders
12 January 2017	Annual General Meeting
13 January 2017	Record date for Shareholders to be eligible for final dividend
3 February 2017	Payment date for final dividend subject to Shareholder approval at the Annual General Meeting
31 March 2017	Half-year end
May 2017	Announcement of Half-yearly Results
June 2017	Circulation of Half-yearly Report for the six months ending 31 March 2017 to Shareholders
June 2017	Payment of interim dividend
30 September 2017	Year end
November 2017	Announcement of final results for the year ending 30 September 2017

Annual General Meeting

The fifteenth Annual General Meeting (AGM) of the Company will be held on 12 January 2017 at 11.30am at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN. Shareholders may arrive 15 minutes before the AGM starts when refreshments will be served to Shareholders. A short presentation will be given by the Investment Manager and one of the investee companies following the AGM. The Notice of the meeting is included on pages 65 to 68 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, Capita Asset Services at the address given on the Form, to arrive no later than 11.30am on Tuesday, 10 January 2017.

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 Capita Asset Services on +44 (0)371 664 0324 or VCTs@capita.co.uk. Alternatively, you can make changes to your account, such as a change of address, by logging on to www.capitashareportal.com.

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

Information rights for beneficial owners of shares

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

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fifteenth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Thursday, 12 January 2017 at The Great Chamber, The Charterhouse, Suttons Hospital, 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:

1. To receive and adopt the audited Annual Report and Accounts of the Company for the year ended 30 September 2016 ("Annual Report"), together with the Directors' Report and Auditor's report thereon.
2. To approve the Remuneration Policy as set out in the Annual Report.
3. To approve the Directors' Remuneration report as set out in the Annual Report.
4. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as Auditor to the Company until the conclusion of the next Annual General Meeting.
5. To authorise the Directors to determine BDO LLP's remuneration as Auditor to the Company.
6. To re-elect Peter Dicks as a Director of the Company.
7. To elect Charlotta Ginman as a Director of the Company.
8. To re-elect Jocelin Harris as a Director of the Company.
9. To re-elect Jeremy Hamer as a Director of the Company.
10. To approve the payment of a final dividend in respect of the year ended 30 September 2016 of 6.25 pence per ordinary share of 1p each, payable on 3 February 2017 to Shareholders on the register on 13 January 2017.
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 £459,421, provided that the authority conferred by this Resolution 11 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 11 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2018 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.
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 up to an aggregate nominal value representing £367,537 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 timein 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 12 or, if earlier, at conclusion of the Annual General Meeting to be held in 2018, 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 13,773,461 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing this resolution;
 - (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);

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- (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
- (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this Resolution 11 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2018; and
- (v) the Company may make a contract or contracts to purchase its own Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

BY ORDER OF THE BOARD

Registered Office
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS
23 November 2016

ISCA Administration Services Limited
Company Secretary

NOTES:

- (i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- (iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or to request additional copies of the proxy form contact the Company's Registrars, Capita Asset Services, on +44 (0)371 664 0324 (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 Capita Asset Services 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 (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
- (vii) A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 11.30am on 10 January 2017 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 Capita Asset Services in an envelope addressed to FREEPOST CAPITA PXS.
- (ix) Please note that you can vote your shares electronically at www.capitashareportal.com.
- (x) Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy.
- (xi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (xii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 am on 10 January 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (xiii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (xiv) As at 22 November 2016 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 91,884,330 ordinary shares of 1p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 22 November 2016 was 91,884,330.
- (xv) The Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The agreement with Jeremy Hamer's consultancy business will also be available for inspection.
- (xvi) If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

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(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

- (xvii) Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- (xviii) At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, www.unicornaimvct.co.uk in the form of an answer to a question, or if 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 22 November 2016 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: www.unicornaimvct.co.uk.

Corporate Information

Directors (all non-executive)

Peter Dicks (Chairman)
Charlotta Ginman (appointed 14 July 2016)
James Grossman
Jeremy Hamer
Jocelin Harris

Registered office

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

Secretary & Administrator

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

Company Registration Number:

04266437

Legal Entity Identifier:

213800186P8BAE6UV183

Website

www.unicornaimvct.co.uk

Investment Manager

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

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Registrar

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Custodian

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

Solicitors

Shakespeare Martineau LLP
No 1 Colmore Square
Birmingham B4 6AA

Stockbroker

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

Bankers

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



Notes



Unicorn Asset Management Limited
First Floor Office, Preacher's Court, The Charterhouse
Charterhouse Square, London EC1M 6AU
0207 253 0889
www.unicornam.com

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ASSET MANAGEMENT