Annual Report and Accounts

for the year ended 30 September 2012

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 maximising the stream of dividend distributions to Shareholders from the income and 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 value must be in ordinary shares carrying no preferential rights to dividends or return of capital and no rights to redemption.

Venture Capital Trust Status

The Company has satisfied the requirements for approval as a Venture Capital Trust (VCT) under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to conduct the business of the Company so as to maintain compliance with that section.

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Key Data

As at 30 September 2012

Ordinary Shares

Ordinary Shares	Net assets (£ million)	Net asset value per share (NAV) (p)	Cumulative* dividends paid per share (p)	NAV total return to shareholders since launch** per share (p)	Share price (p)
30th September 2012	59.0	102.3	10.0	112.3	86.0
31st March 2012	56.6	97.4	10.0	107.4	70.0
30th September 2011	60.4	103.3	5.0	108.3	86.3
31st March 2011	64.6	109.5	5.0	114.5	97.5

*The Board has recommended a dividend of 5p per share for the year ended 30 September 2012. If approved by shareholders, this payment will bring total dividends paid since launch to 15p per share.

**Launch of S3 Shares on 22 February 2007.

The majority of shareholders in the Company originally invested in one of the five former share classes of either the Company and/or Unicorn AIM VCT II plc. As a result of the merger of all five former share classes in March 2010, all shareholders now only hold Ordinary shares. These were formerly called S3 shares. To enable such shareholders in each former share class to monitor the performance of their original investment, the tables below show the NAV total return at 30 September 2012 for a shareholder that invested £10,000 at £1 per share at the date of launch of a particular fundraising, excluding any initial income tax relief received:

Unicorn AIM VCT plc Funds

Share class and year of fundraising	No. of shares held post merger	NAV at 30 September 2012 (£)	Dividends paid pre-merger (£)	Dividends paid post-merger (£)	NAV total return (£)
Ordinary Shares (raised in 2011, issued at average price of 116p)	8,620	8,822	n/a	431	9,253*
Ordinary Shares (formerly S3 Shares raised in 2006/07)	10,000	10,234	100	900	11,234
Former Funds:					
Original Ordinary Shares (raised in 2001)	6,078	6,220	4,550	547	11,317
Original Ordinary Shares 2007/08 top-up (13,890 shares issued for £10,000 investment at 72p per share)	8,442	8,640	903	760	10,303
Series 2 Shares (raised in 2004)	7,750	7,932	2,125	698	10,755
Series 2 Shares 2007/08 top-up (10,870 shares issued for £10,000 investment at 92p per share)	8,424	8,622	489	758	9,869

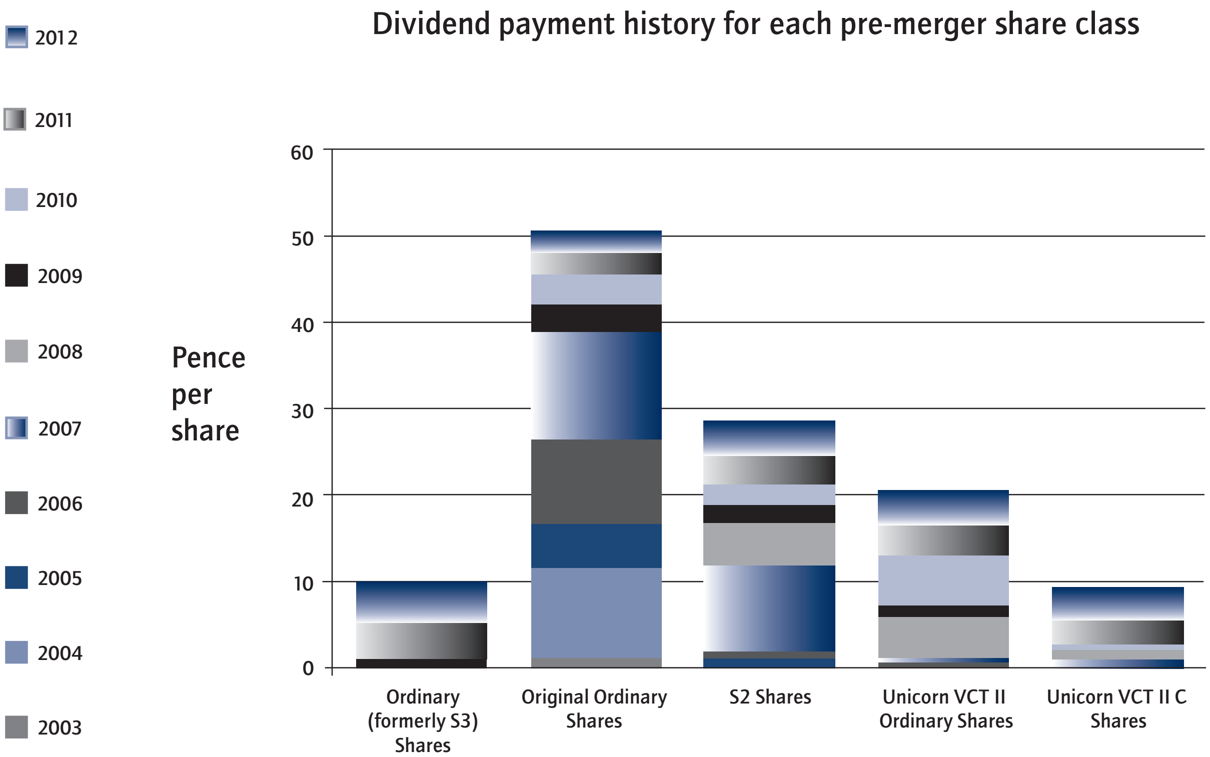
*This shortfall under the representative £10,000 is substantially attributable to the impact of initial costs of the Offer of 5.5%.

Former Unicorn AIM VCT II plc Funds

Share class and year of fundraising	No. of shares held post merger	NAV at 30 September 2011 (£)	Dividends paid pre-merger (£)	Dividends paid post-merger (£)	NAV total return (£)
Ordinary Shares (raised in 2005)	8,283	8,477	1,300	745	10,522
Ordinary Shares 2007/08 top-up (10,205 shares issued for £10,000 investment at 98p per share)	8,452	8,650	1,225	761	10,636
C Shares (raised in 2006)	7,267	7,437	245	654	8,336
C Shares 2007/08 top-up (11,235 shares issued for £10,000 investment at 89p per share)	8,165	8,356	169	735	9,260

Initial income tax relief of up to 20% was available for shareholders that invested in tax years 2001/2002 to 2003/2004, 40% for shareholders that invested in 2004/2005 and 2005/2006 and 30% for shareholders that invested in tax years since 2006/2007. Additional capital gains tax deferral relief was also available for shareholders that invested between 2001/2002 and 2003/2004.

Dividend history



Dividends paid

	Ordinary (formerly S3) Shares (p)	Original Ordinary Shares (p)	S2 Shares (p)	Unicorn VCT II Ordinary Shares (p)	Unicorn VCT II C Shares (p)
Financial year paid					
2012*	5.00	3.04*	3.88*	4.14*	3.63*
2011*	4.00	2.43*	3.10*	3.31*	2.91*
2010	–	3.50	2.50	6.00	0.45
2009	1.00	3.00	2.00	1.00	–
2008	–	–	5.00	5.00	1.00
2007	–	12.55	10.00	0.50	1.00
2006	–	10.00	1.00	0.50	–
2005	–	5.00	0.75	–	–
2004	–	10.45	–	–	–
2003	–	1.00	–	–	–
	10.00	50.97	28.23	20.45	8.99
Merger conversion ratio**	1.00000000	0.60781764	0.77503076	0.82830102	0.72677686

* The dividends in 2011 and 2012 on the Ordinary (formerly S3) shares are also shown for each of the former share classes, calculated in proportion to the merger conversion ratios shown at the foot of the table above.

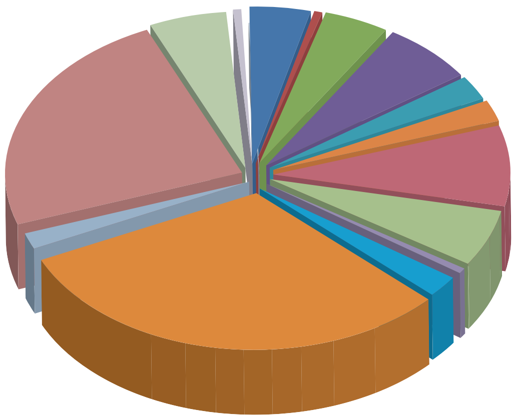
** The merger conversion ratio was applied at the date of the merger on 8 March 2010, to calculate entitlement to the new Ordinary shares.

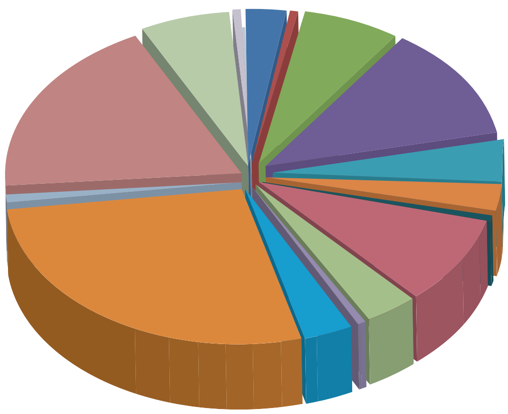
Key Data

As at 30 September 2012

Portfolio breakdown

Allocation of qualifying investments by market sector as at 30 September 2012





	2012 %	2011 %
Aerospace & defence	4.40	2.92
Electronic & electrical equipment	0.59	0.54
Farming & fishing	4.44	6.63
Financial Services	6.40	12.22
Food & drug retailers	2.52	4.06
Food producers	2.30	2.98
General retailers	-	0.04
Healthcare equipment & services	8.33	9.17
Industrial engineering	5.78	3.58
Industrial transportation	0.69	0.55
Media	2.24	3.44
Pharmaceutical & biotechnology	31.13	27.48
Real estate investment & services	1.54	0.70
Software & computer services	23.74	18.71
Support services	5.41	6.22
Technology hardware & equipment	0.37	0.44
Fixed Line Telecommunications	0.12	0.32

Chairman's Statement

I am pleased to present the eleventh Annual Report of the Company for the financial year ended 30 September 2012.

Investment Performance Review

At the financial year end, the audited Net Asset Value of the Company was 102.3 pence per share, while audited net assets as at 30 September 2012 were £59.0m. After adding back dividends paid in the period, this represents a positive total return to shareholders of 3.9%. This performance is creditable given the increasingly difficult economic backdrop, which at times over the past twelve months has resulted in significant stock market volatility.

Volatility has been especially evident at the smaller end of the UK quoted market. Despite ending the period having generated a total return of 1.6%, the FTSE AIM All-Share Index was subject to sharp movements in both directions at various points during the past twelve months. The speed and severity of these changes in market direction is disconcerting, since it reflects a fragile level of confidence amongst equity investors and tends to encourage a short term approach to investment.

The European debt crisis, which has had a crippling effect on many developed economies over the past four years, remains a significant and unresolved problem. Despite concerted efforts by governments and central banks there has been little sign of improvement. The lack of tangible progress in controlling and reducing the overall debt burden is acting as a massive brake on economic recovery. Understandably, such protracted economic and financial strain tends to erode confidence and reduce risk appetite amongst investors. This in turn results in unstable and unpredictable equity market conditions.

In attempting to preserve capital in uncertain times the Investment Manager has adopted a risk averse, longer term approach to the management of the portfolio. As a result, the Company's asset base remained stable throughout the financial year with monthly reported Net Asset Value remaining within a narrow 8% band.

As described in more detail in the Investment Manager's Review, the majority of businesses in which the Company holds investments continue to demonstrate commendable resilience. One of the key reasons these businesses have been able to weather the storm successfully lies in the continued strength of their balance sheets. Of the 45 active VCT qualifying companies held in the portfolio, over 50% have no debt on their balance sheets, while a further 30% are operating with a net gearing figure of less than 25%. Encouragingly, 65% of these companies were cashflow positive in their last reported financial year. Overall, brokers are forecasting profit growth from around 80% of our investee companies in their current financial year.

I am pleased to report that the longer term performance of the Company remains robust. Since the merger with Unicorn AIM VCT II plc, which was successfully completed in March 2010, the total return to shareholders has been 21.3% including nine pence in tax free dividend payments. This figure compares very favourably with total returns delivered during the same period by the FTSE All-Share Index and the FTSE AIM All-Share Index of 14.5% and 4.5% respectively.

Portfolio Activity

It has been a quiet year for Initial Public Offerings. Only 50 UK companies listed on AIM in the 12 month period to 30 September 2012, of which few were VCT qualifying. The Company remains comfortably above the threshold required to retain VCT qualifying status, however and the Investment Manager has maintained a cautious approach to new investments. No VCT qualifying investments were made in new companies in the year under review, while one follow-on investment was made in an existing portfolio company in which the VCT already held a stake. Existing positions were increased in four non-qualifying companies during the period.

In terms of disposals, merger and acquisition activity resulted in two qualifying and two non-qualifying investments being sold. Four non-qualifying investments were sold outright, while partial disposals were made in a number of both qualifying and non-qualifying investments.

In the year to 30 September 2012, a total of £5.8m was realised through the sale of investments, of which £1.6m was deployed in new investments and approximately £2.9m spent on funding the dividend payment to shareholders with the balance used to fund share buybacks and the operating costs of the Company.

Over the 12 months to 30 September 2012 there was a net gain on investments of £2.4 million and the total profit on ordinary activities after taxation was £2.1 million, amounting to earnings of 3.5 pence per share. The profit on the revenue account was £387,000. At the financial year end, the portfolio consisted of 45 qualifying and 28 non-qualifying active investments.

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 8 - 13.

VCT Status and VCT Legislation

To maintain its VCT qualifying status the Company is required to hold at least 70% of total assets in VCT qualifying investments. The Company remains comfortably above this key threshold. At the financial year end, the Company held 77.3% (reflecting the tax value of investments as defined in the tax legislation), of its total assets in VCT qualifying companies.

The European Commission recently approved a number of important and beneficial changes to the VCT scheme. In particular, the changes help broaden the range of companies eligible for VCT investment and will enhance your Company's ability to support small businesses and thereby assist the Government's growth agenda.

These hard won amendments, to which your Manager and Board made an active contribution, have resulted in the UK VCT scheme becoming one of the most generous incentive schemes of its type in Europe. The key improvements are as follows:-

1) The size of company that can receive VCT funding has been substantially increased (from those with gross assets of £7 million to £15 million pre new investment);
2) Companies with a significantly greater number of employees are now permitted to receive VCT funding (up fivefold from a maximum headcount of 50 to a new maximum of 250 employees);
3) The introduction of a new investment limits condition. This is a restriction on any investee company receiving more than £5m of State Aided risk capital investment, including any monies from VCTs in the 12 months up to and including the date of investment (the investment limit condition was originally intended to be capped at £2m. Lobbying proved effective and the limit was subsequently raised to £5m); and
4) The annual limit of £1m that a VCT may invest in a qualifying investment in any tax year has been removed.

To secure these changes the Government had to gain European Commission approval as the VCT scheme is a form of State Aid, which is covered by rules to protect the principles of the European Single Market. The Commission announced their support for the changes in May 2012 and the changes were passed into UK law in the Finance Act 2012, which received Royal Assent on 17 July 2012.

The relaxation of VCT regulation is to be encouraged and these changes should help stimulate renewed interest in the sector.

Revenue Return

The revenue return increased from £288,000 to £387,000 (34%) over the year. Investment income rose slightly by £34,000 (3%), within which dividends from equities rose by £58,000 (6%). This return also benefited from lower Investment Management fees, down by £27,000 (9.8%) arising from reduced net asset values over the year. Finally, other expenses fell by a net £38,000 (7%), primarily because the Company reached its cap on trail commission payments due on fundraisings prior to the merger. This permanent reduction in trail commission fees adds over 0.2 pence return per share per year to the Company.

Running Costs

The Ongoing Expense Ratio (previously total expense ratio) of the Company for the financial year under review was 2.65% (2011: 2.49%) of total assets. Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' recommended methodology, published in May this year. This figure shows shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure is based upon historic information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the fund in the future. It replaces the total expense ratio previously reported, although the latter will still form the basis of any expense cap that may be borne by the Manager. No such cap applies for the 2012 financial year (2011: nil).

Share Buybacks

The Board has continued to buy back shares for cancellation at various points throughout the financial year in addition to the enhanced buyback and top-up offer which closed in February 2012. A total of 820,975 shares were purchased for cancellation during the course of the year at an average price of 73.3 pence per share. These shares were purchased at a discount to net assets of between 21.4% and 28.4%. The share price stood at a discount to net assets of 16.0% as at the financial year end. The Board recently implemented measures necessary to enable the Company to continue purchasing shares for cancellation in closed periods and the first such transactions took place in early October. I am pleased therefore to report that the share price discount to net asset value has continued to narrow since the financial year end and, as at 19 December 2012 (being the last business day prior to publication of this Annual Report), stood at 15.4%

Enhanced Buyback & Top-Up Offer

In January 2012, the Board announced the launch of an enhanced buyback facility and top up offer for subscription. The enhanced buy back facility enables participating shareholders' existing shares to be repurchased by the Company with the net proceeds from the buyback being wholly re-invested in new shares under an offer for subscription. Among the benefits to qualifying shareholders of an enhanced buy back facility is the ability to obtain income tax relief available on VCT shares in relation to the new shares issued under the offer. Due to strong demand for the enhanced buyback facility, the Company received more applications to participate than could be accommodated. Accordingly, the Board will continue to consider the implementation of such schemes in the future. Details of the results of the enhanced buyback and top-up offer are given on pages 22 - 23 of this Annual Report.

Dividends

The Board remains committed to a policy of maximising the stream of dividend distributions to shareholders from the income and capital gains generated by the portfolio. Dividend payments made to shareholders during the period amounted to £2.9m, equivalent to 5 pence per share. Since the original launch of Unicorn AIM VCT in 2001, qualifying shareholders have received approximately £26m in tax free dividend distributions. The Board has now considered the payment of a final dividend for the financial year ended 30 September 2012 and is pleased to propose a final dividend of 5 pence per share.

The Board

Malcolm Diamond will be standing down as one of the Directors of the Company. He will do so immediately after the forthcoming AGM.

Malcolm Diamond has been an invaluable source of experience, knowledge and wisdom. On behalf of my fellow Directors and myself, I would like to take this opportunity to pay tribute to his important contribution and, personally, to thank him for his constant support and advice.

Chairman's Statement

Outlook

The economic outlook remains uncertain. It is to be hoped that the fragile UK economic recovery can be sustained despite the significant and as yet unresolved European debt crisis.

It appears increasingly obvious that the future of the European Union rests on the ability of politicians to find and agree a workable solution to reduce the debt burden without further crippling the economies of individual member states. If such a solution can be found, then the economic outlook should start to improve noticeably. Stronger trading conditions in Europe would clearly be beneficial to the health of the UK economy and, in turn, should instil greater confidence in equity markets.

In the meantime, the performance of the Company remains solid and shareholders should continue to benefit from the cautious approach to the management of the investment portfolio. This prudent approach has successfully preserved capital in difficult times while allowing the payment of attractive dividend income to be maintained. I remain confident that the portfolio has the potential to deliver continued capital growth once more benign economic conditions return.

Peter Dicks
Chairman
20 December 2012

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. Specific conditions for HMRC approval of VCTs include the requirement that no single holding may represent more than 15% (by value) of the Company's total investments and cash, at the date of investment.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC").

Amongst other conditions, the Company may not invest more than 15% at the time of its investments in a single company and throughout the period must have at least 70% by value of its investments in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% by value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, the Company must have at least 10% by value of its investment in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The £1 million limit on the amount of investment a VCT may make into a particular company within a tax year has been abolished, except where that company trades in partnership or has a joint venture. A new rule requires that an investee company should not receive more than £5 million from State Aid sources, including VCTs, within any twelve month rolling period from the date of the VCT's investment.

Asset mix

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or in excess of the 70% VCT qualification threshold, it may be invested in collective investment funds or in non-qualifying shares and securities in smaller listed UK companies. Cash and liquid resources are held in low risk bank accounts and money-market funds.

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.

Management

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 and the Administrator on a monthly basis. When the Investment Manager proposes to make an investment in an unquoted company, the prior approval of the Board is required. Mobeus Equity Partners LLP also provides Company Secretarial and Accountancy services to the VCT.

Investment Manager's Review

Investment policy

It is the aim of the Investment Manager to identify and invest in a diversified portfolio of companies that display a majority of the characteristics identified on page 7.

Performance

The audited net assets of the Company as at 30 September 2012 totalled £59.0m, equivalent to 102.3 pence per share. This compares with an audited net asset value per share of 103.3 pence as at 30 September 2011. After adding back dividends paid of 5 pence per share in the period, the total return amounted to 3.9%.

Investment strategy

The policy of investing in companies which have a demonstrable record of profitability and positive cash generation remains unchanged. The VCT qualifying and the non-qualifying portfolios are diversified both by sector and by number of investments held. The Company's portfolio remains above the threshold required to retain VCT qualifying status (whereby 70% of total assets must be invested in VCT qualifying companies). Your Investment Manager will continue to adopt a cautious approach to new investment opportunities.

Alternative Investment Market (AIM) review

The FTSE AIM All-Share Index ended the 12 months to 30 September 2012 marginally higher, resulting in a total return for the period of +1.6%. This modest increase masks a particularly volatile year for many AIM listed stocks. From a low point in early October 2011, the AIM Index mounted a sharp rally, rising by almost 12% over a four week period, before falling back to near its previous low point. In mid-December 2011, the Index began another significant upswing, this time rising by almost 25% in less than eight weeks. By the end of February 2012 however, the Index had reached a peak, from which it continued to fall progressively for the next four months. A modest recovery in the final weeks of the period under review meant the Index closed at only a slightly higher level than it had begun twelve months earlier. Much of the volatility associated with the FTSE AIM Index is caused by its significant weighting in junior mining and resource stocks. This is a sector of the market to which the Company has no direct exposure since mining and oil exploration companies are not typically qualifying investments. By contrast, the FTSE All-Share Index experienced a good year, delivering a total return of 17.3%. This increase was driven mainly by strong gains in mid to large cap stocks as evidenced by the 23.1% total return generated by the FTSE 250 Index over the same period.

The relatively poor performance of the AIM Index in recent years inevitably creates challenges. In the short term, the risks associated with high volatility, poor liquidity and negative sentiment have conspired to make AIM appear an unattractive market in which to invest. As a consequence, the number of companies seeking to list on AIM has fallen, while there has also been an increase in the number of delistings over the past year. In addition, many mainstream institutional investors have become less active at the smaller end of the quoted market, which has exacerbated liquidity issues.

Despite these problems, AIM remains a vibrant and evolving market with a constituent base numbering over 1,100 companies. The current appetite for investing in smaller AIM quoted companies remains subdued and this situation will probably only improve once wider market confidence returns. In the meantime, depressed markets offer Unicorn Asset Management the chance to selectively invest in neglected stocks at potentially significant discounts to our estimate of fair value. Merger & Acquisition activity, which has increased over the past year, is a normally reliable indicator that there is genuine value to be found. We expect corporate activity will remain a feature at the smaller end of the quoted market in the current financial year.

Performance Review

The monthly reported Net Asset Value of the Company remained remarkably stable over the past twelve months, despite it being a volatile year for the market as a whole. One of the key reasons for this stability lies in a conservative approach to portfolio construction. The investment portfolio is diversified both by number of holdings and by sector exposure. At the financial year end, the Company held 45 VCT qualifying and 28 non-qualifying active investments, which spanned a total of 16 different sectors. During the course of any normal year, there will inevitably be investments that do not meet expectations and which consequently disappoint in share price terms. The main thrust of our investment effort however, remains unchanged. We are seeking to identify established, well managed, profitable, cash generative and growing businesses in which to invest for the longer term.

In addition, we continue to look for businesses which operate with minimal levels of debt. Since the financial crisis began in 2008, smaller companies have found it increasingly difficult to secure funding. Despite government intervention and a base rate maintained by the Bank of England at a record low of 0.5%, the major high street banks appear unable or unwilling to lend to companies on commercially acceptable terms. The management teams of many smaller quoted companies have had little choice other than to focus on fundamental values such as cash generation, working capital control and debt collection. It can therefore be argued that the withdrawal of the major banks from lending to the smaller end of the corporate market has imposed a healthy discipline. Companies that were heavily financially leveraged in the boom years became over-reliant on cheap credit and have since been forced into radical restructuring or have gone out of business. On the other hand, those businesses which maintained a prudent and conservative approach now find themselves in a strong financial position from which they are well placed to grow as and when sustained economic recovery returns. It is pleasing to report that the majority of our VCT qualifying companies fall into the second category. Analysis of the constituents of the portfolio reveals that over 50% of all companies in which we hold an investment have no debt whatsoever on their balance sheet.

AIM focused Venture Capital Trusts that are conservatively managed and have successfully navigated the difficult market conditions of recent years, should offer reasonable prospects of capital preservation, while also remaining capable of producing regular, attractive and sustainable dividend income.

Although clearly not immune from the effects of adverse market conditions, Unicorn AIM VCT has again demonstrated considerable resilience in the year under review and is well placed to continue generating sufficient capital and income reserves to cover current levels of dividend payments. As and when market conditions improve, the prospects for capital growth also remain good.

Qualifying investments

A review of the main positive contributors to performance in the VCT qualifying portfolio follows (bracketed figures represent the share price movement for the year under review on a bid price basis):-

Abcam (+11.0%) is a global leader in the manufacture and supply of therapeutic antibodies and protein research tools to the worldwide life science research market. Although Abcam had a relatively quiet year in share price terms, the business continued to expand at a healthy rate. Reported results for the financial year ended 30 June 2012 confirmed further strong growth in both revenues and profits. Annual revenues increased by 17.5% to £97.8m, while adjusted operating profits grew by 20.9% to £38.6m. Tight cost control enabled the business to increase adjusted operating margins to 39.4% (2011: 38.3%). Underlying cash generated from operations also grew healthily, rising to £37.7m from £33.1m in the previous financial year. Abcam retains a strong balance sheet with net cash of £17.5m at the year-end (2011: £55.6m), despite spending over £56m on acquisitions and acquisition related costs during the year. Abcam remains the largest VCT qualifying investment in the portfolio. In order to mitigate this stock specific risk, further partial disposals were made during the financial year. The net amount of these realisations was £780k and the realised capital gain was £583k, at an average price on disposal of nearly £3.91 per share. As at 30 September 2012, the market capitalisation of Abcam was in excess of £792m.

Accumuli (+41.9%) is a provider of advanced IT security services. Having acquired a number of businesses in the recent past, the management team at Accumuli are now focusing investment on capabilities and in people. All acquisitions have been successfully integrated and the range of products and services is currently being reviewed and selectively expanded. A new Chief Executive was appointed in August to help drive the Group forward in this new phase of its growth.

Anpario (+30.5%) is an international supplier of natural, high performance feed additives to enhance health, growth and sustainability in agriculture and aquaculture. The Group's performance continues to be very encouraging despite disruption in the Middle East combined with challenging trading conditions in European markets. Interim results for the six months to 30 June 2012 demonstrate the progress made in growing the business. Revenues increased by 16% to £10.82m (2011: £9.36m), whilst earnings per share rose by 20% to 5.25 pence per share (2011: 4.36 pence per share). Net cash at the period end amounted to £2.83m.

Avingtrans (+75.8%) designs, manufactures and supplies critical components to the medical, energy, industrial and global aerospace sectors. The progress reported in last year's performance review continued in the period under review. Group revenues and adjusted earnings each grew by more than 20% for the second successive year. Buoyant demand from the civil aerospace market was responsible for the bulk of this growth and this division's order book was reported to be at record levels as at 31 May 2012. The need to replace an ageing aircraft fleet has become the principal driver of demand and the major global aircraft manufacturers have all reported significant order backlogs as a consequence. The long term nature of such orders provides comfort that Avingtrans can continue to expand its operations in this area. Financial results for the twelve month period to 31 May 2012 reflect a growing confidence in the outlook. Having reinstated dividend payments last year it was also encouraging to note the significant uplift in the proposed final dividend from 0.4 pence per share to 1 pence per share.

Cohort (+39.5%) is a technology group with three operating subsidiaries each of which is focused on providing specialist technical products or services, primarily to the defence market. In the financial year ended 30 April 2012, Cohort achieved a record trading profit while simultaneously increasing its order book and net funds. Each of the three operating subsidiaries improved their trading performance during the period. The Group is benefitting from a good order book, strong net fund position and

Investment Manager's Review

operational momentum, providing a solid foundation for the current financial year. As of 31 July 2012, the Group's order book stood at £111m (30 April 2012: £107.1m). The Group has also maintained strong net cash balances which were in excess of £12m as at 10 September 2012 (30 April 2012: £14.1m).

Driver Group (+212.6%) is a global construction consultancy. As a result of continued strong trading the Board has announced that financial results for the twelve month period ended 30 September 2012 exceeded management expectations. The Board also noted that the integration of Trett Consulting has now been successfully completed. Demand for Driver's specialist services is reported to be particularly strong in the Middle East and in Africa.

Idox (+68.6%) is a leading independent supplier of software and services to the UK public sector and other markets. In the six month period ended 30 April 2012, Idox delivered total revenue growth of 58% to £28.6 m (H1 2011: £18.1m) with organic revenue growth of 10%. Reported pre-tax profit increased by 76% to £3.5m (H1 2011: £2.0m). Recent acquisitions have been quickly and effectively integrated and, as a result, the Group has been able to expand operations across an international market place, thereby reducing reliance on the UK public sector.

Tracsis (+111.0%) is a provider of operational planning software and consultancy services to the transport industry. The past year has been a successful one as the Group achieved both substantial organic and acquired growth. In a trading update on 26 June 2012, the board of Tracsis announced that forecast revenues for the financial year ended 31 July 2012 would be in excess of £8.5m (2011: £4.1m), with adjusted EBITDA in excess of £3.0m (2011: £1.2m). Net cash at the end of July 2012, was c. £7.5m. The business remains debt free.

A small number of qualifying companies encountered significant operational or trading difficulties during the year:-

Green Compliance (-87.6%) is a provider of water, fire and pest control services to UK businesses nationwide. Over the past 18 months, Green Compliance has continued with its 'buy and build' strategy with four further acquisitions completed in the financial year ended 31 March 2012. A major integration project across the sixteen entities acquired to date has also now been successfully concluded. Despite this progress, the business is operating in an increasingly competitive environment leaving profit margins under significant pressure. As a result, the business has struggled to meet profit expectations and share price performance has been disappointing with the share price falling by almost 90% in the period under review. In July 2012, a loan note issue was completed raising £750,000 for working capital purposes. Unicorn AIM VCT invested £250,000 in this loan note issue. The loan notes attract interest at a rate of 12% per annum and are convertible at a price of 50 pence per share. Your Investment Manager is cautiously optimistic that this round of financial support for Green Compliance may prove to be a turning point in the fortunes of the business.

Instem plc (formerly Instem Life Science Systems) (-44.3%) is a software company focused on the life sciences and biotechnology markets. Instem has developed world leading software enabling pharmaceutical companies to collect, analyse and report large volumes of complex scientific data in an accurate and efficient manner. In the six month period to 30 June 2012, the business reported flat revenues of £4.9m (H1 2011: £4.9m), whilst profits were down sharply. Anticipated sales growth did not materialise in the period and as a result margins were impacted because of higher costs associated with previous investment in people and product development. Encouragingly, the sales team is reported to be working on multiple contract opportunities from both new and existing customers. In the meantime, recurring revenues account for 74% of total sales, giving the business good visibility, whilst the balance sheet remains strong with net cash at 30 June 2012 of £1.8m.

SnackTime (Ordinary Shares -63.4%) is the third largest vending company in the UK. Unfortunately, SnackTime continues to experience difficult trading conditions primarily due to the economic slowdown in the UK and the negative impact on consumers' discretionary spending habits. In a recent trading update, the new Executive Chairman reported on the successful implementation of cost savings that will reduce operating costs by £250,000 in the second half of this company's current financial year. It is the Board's stated intention to write off all exceptional expenditure incurred in achieving these cost savings. Although trading has weakened over the past twelve months, profits before exceptional costs, interest, tax and depreciation remain modestly positive. In 2008, a separate £550,000 investment was made in SnackTime in the form of loan notes. The loan notes attract interest at a rate of 8% per annum. To date, all interest payments have been received in full, and by the due date

Surgical Innovations (-31.1%) is a designer and manufacturer of innovative medical devices for use in minimally invasive surgery. Having enjoyed a particularly successful period in business development and share price terms last year, the period to 30 September 2012 proved more challenging. Product innovation and development remain strong, although securing large-scale adoption of their unique, patented 'part-reusable, part disposable' product range has been difficult. Surgeons, who typically use such devices, are justifiably cautious when considering the wide-scale use of new technologies and the market itself is dominated by a relatively small number of long established, major brands. Hence, it is a difficult market to penetrate, especially for small businesses such as Surgical Innovations. In the first half of their financial year ended 30 June 2012, sales and pre-tax profits were both lower on a like-for-like basis primarily because of a reduction in sales to OEM partners. Encouragingly, the sale of Surgical Innovations' own branded products grew by almost 9% despite challenging market conditions and the management team has reiterated their confidence in delivering further growth in the current financial year.

Two other qualifying holdings struggled in share price terms during the year and generated significant, unrealised capital losses as a result:-

Animalcare (-14.8%) is a leading supplier of veterinary medicines made up of three product groups: licensed veterinary medicines, companion animal identification and animal welfare products. The financial year ended 30 June 2012 was a difficult period for Animalcare. The licensed veterinary medicines division continued to grow, albeit more slowly than hoped, but there was a marked reduction in sales of both animal identification and welfare products during the year. As a result, underlying basic earnings per share fell by 25% to 8.8p (2011: 11.8p) on revenues which were down by 8.2% to £10.9m (2011: £11.8m). Encouragingly, the year end cash position grew from £1.2m to £2.3m and the proposed total dividend for the year was increased by 12.5% to 4.5p (2011: 4p), underlining the Board's confidence in the growth prospects for the business. A partial disposal was made in Animalcare early in the period under review generating a capital gain on disposal of £428,000.

Mattioli Woods (-17.6%) is a specialist pensions consultancy and wealth management business. Mattioli Woods recently reported another 12 months of strong progress. Revenues grew by 33% to £20.5m in the year to 31 May 2012. The acquisition of Kudos, a wealth management and employee benefits business, which completed in August 2011, is reported to have contributed £4.3m of this increase in revenues. During the period, total assets under administration and advice increased by 31.3% to just over £3bn. As an expression of confidence in the prospects for the business, the Board has recommended a 12.1% increase in the proposed total dividend for the year.

Both of these businesses are in sound financial condition, are run by capable management teams and their growth prospects over the longer term remain strong.

New qualifying investments

At the financial year end the Company held over 77.3% of total assets in VCT qualifying businesses as calculated in accordance with HMRC tax valuation rules. New VCT qualifying investments are only made if the companies concerned meet the Manager's clearly defined investment criteria. During the period no new VCT qualifying companies were introduced to the portfolio.

Realisations

Realisations totalling £5.8m were made in the year to 30 September 2012. Merger and acquisition activity resulted in the disposal of two qualifying and two non-qualifying holdings during the period. In addition, four holdings in the non-qualifying portfolio were sold in the open market, whilst partial disposals were made in a number of other holdings.

Lees Foods and ***Prologic***, both VCT qualifying investments, were subject to successful takeover approaches during the period and were subsequently delisted, whilst in the non-qualifying portfolio, ***Morson Group*** and ***Parseq*** also delisted following successful bid approaches. The cash proceeds from each of these corporate transactions have been received in full.

Including partial disposals, the total realised capital gain from the sale of investments amounted to £1,263,000.

Non-qualifying Investments

The non-qualifying part of the portfolio performed satisfactorily during the year.

A particular highlight was the 76% rise in the share price of ***Tangent Communications***. Tangent is a digital marketing and printing specialist with a blue chip corporate client base, a rapidly expanding online print division and a growing reputation for service excellence. A VCT qualifying stake in Tangent was originally purchased in Unicorn AIM VCT II in February 2007. The book cost of this initial investment was £500,000 at a price of 13 pence per share. In the following three and a half years to the end of 2010, Tangent continued to develop as a business whilst remaining profitable, despite the impact of the wider financial crisis. Notwithstanding this encouraging progress, the share price continued to drift lower. In March 2009, 1.85m additional shares were purchased in the secondary market for the non-qualifying part of the portfolio at a price of 2.25 pence per share. In December 2010, this holding was significantly increased with the purchase of a further 10m shares at a price of 4.1 pence per share. Tangent's financial results for the year ended 29 February 2012 showed that whilst revenues remained broadly flat at c. £22m, the pre-tax profits of the business increased by 38% to £1.45m. The business remains cash generative and debt free, with cash on the balance sheet amounting to £1.8m. As at 30 September 2012 Tangent's share price had risen to over 9 pence per share. The opportunities for further growth in this business remain exciting. On 5 November 2012, £800,000 was invested in new qualifying shares in Tangent Communications at a price of 10 pence per share. Details of post balance sheet events can be found in Note 24 on page 54.

Other non-qualifying investments which performed strongly

Investment Manager's Review

include ***Brady*** (+36.7%), ***Charles Taylor Consulting*** (+30.7%), ***Chime Communications*** (+21%), ***Scapa Group*** (+48%) and ***VP*** (+37.7%).

The return from the non-qualifying portfolio was depressed somewhat by three investments which generated material, albeit largely unrealised capital losses in the period:-

ATH Resources (-89.9%) is a UK coal mining operation that encountered severe operational and financial difficulties during the year and is now unlikely to survive in its current form. A partial disposal of this holding was made towards the end of the period. Unfortunately, the value of the remaining holding is unlikely to recover.

Renold (-13.5%) is a manufacturer of industrial chain and torque transmission products. Financial results for the year ended 31 March 2012, showed a near threefold increase in operating profit to £12.0m from £4.3m the previous year on sales revenues of £209.5m (2011: £191.0m). Renold is highly operationally geared and since entering its current financial year, the business has experienced weaker demand, especially in many European markets. This decline in sales has impacted operating profit margins and interim results are likely to be substantially below expectations as a consequence. Although the recent profit warning represents a disappointing setback, this holding is being retained in the belief that sales and profit growth will resume in due course.

Specialist Energy Group (-67.8%) is a specialist engineering group. Its main operating subsidiary, Hayward Tyler, manufactures a range of fluid filled electric motors and pumps that are designed to operate in the most demanding of applications and in the harshest environments. Despite securing a £5m subscription at 50 pence per share and successfully completing new banking arrangements with Standard Chartered Bank, the share price suffered significant declines during the period. At the end of September 2012, the bid price for the shares was 13 pence per share. This represents an unrealised capital loss of approximately £550,000. Historic supply chain issues combined with the financial uncertainty surrounding the business prior to the completion of the new financing have contributed to this significant decline in value. However, it is to be hoped that with these key issues now successfully resolved, the business can begin to recover both operationally and in share price terms. The holding is being retained in the belief that this recovery is now underway.

Within the non-qualifying part of the portfolio, the contribution to performance from the investment in sub-funds of the Unicorn Investment Funds OEIC remained strong. All three sub-funds of the Unicorn Investment Funds OEIC held by the VCT performed well in the period under review. Total returns from these investments ranged between 4.8% from the Unicorn UK Smaller Companies Fund to 21.0% from the Unicorn Outstanding British Companies Fund. In order to effectively manage liquidity within the portfolio, the holdings in Unicorn UK Income Fund and Unicorn Outstanding British Companies Fund were disposed of in their entirety during the period, whilst a partial disposal was made in the Unicorn UK Smaller Companies Fund.

The Investment Manager's fees are based on the net asset value of the Company excluding the value of the investments in these OEIC Funds. Details are set out in Note 3 of this Annual Report.

The continuing strategy for the non-qualifying portfolio is to build revenue reserves through investment in smaller quoted companies that are sensibly valued and which have an established track record of paying dividends together with the aim of pursuing a progressive dividend policy.

Prospects

The global macro-economic picture remains unclear. Although the rate of growth in emerging markets may be slowing, most analysts now appear more confident that a 'soft landing' in the key Chinese economy is achievable. The indicators emerging from many other developing nations are also relatively encouraging. Growth rates in India, Mexico, Turkey and parts of Africa have all remained robust.

At the same time, many recent economic statistics from the world's largest developed economy, the United States, suggest that recovery there is now underway. Unemployment rates in the US have been falling steadily, while job creation, average daily US consumer spending rates and economic confidence have all been positive. Manufacturing output has also been improving and the economically important construction sector is showing signs of recovery. House prices appear to have stabilised and the number of new houses under construction is rising. Meanwhile inflation remains subdued, which reinforces the view that the Federal Reserve will maintain a relaxed approach to monetary policy.

Typically, a combination of growth and low inflation is good for stock markets and recent evidence suggests that institutional investors are beginning to increase equity weightings. The debt crisis in Europe, however, remains of huge concern. The much debated austerity measures, imposed on stricken European Member States as a condition for receiving financial bailouts, are hampering efforts to rekindle economic growth in the region. Although it is unusual for economists to agree, it does appear that most concur with the basic premise that debt reduction without economic growth or inflation is almost impossible to achieve.

Despite the sustained rally in UK equity markets in recent months, investors remain cautious. It can be argued that much of the profit recovery experienced by the corporate sector in the past three years has been driven by cost-cutting, productivity improvements and a slow return to more 'normal' trading conditions following the wide scale de-stocking experienced in the wake of the banking collapse in 2008. In order to sustain ratings at current levels, it now appears necessary for these companies to return to top line sales growth. The ability to achieve sales growth, in an environment where overall economic growth is subdued at best, will be a crucial element in supporting the valuation of individual businesses.

The FTSE AIM All-Share Index has failed to keep pace with the wider market rally seen in recent months. In theory, the widening of the relative valuation gap between larger companies and their typically smaller counterparts listed on AIM throws up interesting investment opportunities. While we will undoubtedly seek to exploit these opportunities it is also important to note that we regard capital preservation as a priority for the foreseeable future. We will only increase our exposure to VCT qualifying investments as and when we are able to identify companies that meet our investment criteria and which are available at attractive valuations. In parallel, we will continue to develop the non-qualifying portfolio, with the principal aim of increasing the capital and revenue reserves available for distribution to shareholders over the longer term.

The portfolio is composed of a diverse range of businesses operating across a number of different sectors. In many cases our investee companies sell specialised products or services into niche, but growing, markets. The majority are sustainably profitable, soundly financed and well managed companies. A focus on maintaining balance sheet strength and healthy cashflows during the darkest of times has enabled many of these businesses to survive. The logical conclusion is that they should now be well placed to prosper once wider economic conditions improve.

Chris Hutchinson
Unicorn Asset Management Limited
20 December 2012

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
Qualifying investments						
AIM/PLUS quoted investments						
Abcam plc Producer and distributor of high quality protein research tools	Oct 2005	2,086	701	8,374	Bid price	Ordinary shares
Anpario plc (formerly Kiotech International plc) Manufacturer of natural feed additives for global agricultural markets	Nov 2006	1,765	1,630	2,552	Bid price	Ordinary shares
Tracsis plc Developer and supplier of resource optimisation and data capture technologies to the transport industry	Nov 2007	838	800	2,473	Bid price	Ordinary shares
Mattioli Woods plc Consultants in the provision of pension and wealth management services	Nov 2005	1,680	1,329	2,013	Bid price	Ordinary shares
Idox plc Information and knowledge management software	May 2007	500	375	1,900	Bid price	Ordinary shares
Animalcare Group plc Specialist veterinary pharmaceuticals and animal health products	Dec 2007	1,475	688	1,651	Bid price	Ordinary shares
Cohort plc Provision of a wide range of technical services to clients in the defence and security sectors	Feb 2006	1,414	1,689	1,638	Bid price	Ordinary shares
Avingtrans plc Provision of precison engineering services	Oct 2004	996	996	1,428	Bid price	Ordinary shares
Surgical Innovations Group plc Design and manufacture of minimally invasive surgical instruments	May 2007	331	643	1,379	Bid price	Ordinary shares
Zetar plc Manufacturer of confectionery and savoury snacks	Apr 2005	772	772	857	Bid price	Ordinary shares
Pressure Technologies plc High pressure cylinder manufacturing	May 2007	980	700	723	Bid price	Ordinary shares
Driver Group plc Provision of specialist commercial, project planning and dispute resolution services to the construction industry	Apr 2006	552	750	678	Bid price	Ordinary shares
Instem plc (formerly Instem Life Science Systems plc) Information solutions for life sciences R&D	Jan 2011	985	985	675	Bid price	Ordinary shares
Omega Diagnostics plc Medical diagnostics company focused on allergy, food intolerance and infectious disease	Dec 2010	500	500	667	Bid price	Ordinary shares
Sinclair IS Pharma plc (formerly IS Pharma plc) Pharmaceuticals company	Mar 2008	704	732	661	Bid price	Ordinary shares
Accumuli plc Computer security services	Jan 2011	400	400	646	Bid price	Ordinary shares
Access Intelligence plc Compliance software solutions for the public and private sectors	Dec 2004	1,467	1,464	589	Bid price	Ordinary shares
HML Holdings plc Residential property management	Jul 2007	431	833	572	Bid price	Ordinary shares
Sanderson Group plc Provider of software solutions and IT services to the multi-channel retail and manufacturing sectors	Dec 2004	770	770	570	Bid price	Ordinary shares
Tristel plc Manufacturer of contamination and infection control products	Nov 2009	878	865	556	Bid price	Ordinary shares
Hasgrove plc Digital marketing and communication services	Nov 2006	975	1,110	525	Bid price	Ordinary shares
Vindon Healthcare plc Manufacture of environmental control products for the pharmaceutical industry, life sciences and food sectors	May 2007	475	950	499	Bid price	Ordinary shares
Vianet plc (formerly Brulines Group plc) Provision of real-time monitoring systems and data management services	Oct 2006	584	584	456	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	1.1%	14.2%	30-Jun-12	97,840	34,660	148,200	1.1%	www.abcam.com
Pharmaceuticals and Biotechnology	12.1%	4.3%	31-Dec-11	19,200	1,830	15,950	12.1%	www.anpario.com
Software & Computer Services	7.5%	4.1%	31-Jul-11	4,083	1,120	7,656	7.5%	www.tracsis.com
Financial Services	5.5%	3.4%	31-May-12	20,480	4,180	25,470	6.0%	www.mattioli-woods.com
Software and Computer Services	1.4%	3.2%	31-Oct-11	38,610	5,610	34,370	1.4%	www.idoxplc.com
Farming & fishing	6.0%	2.8%	30-Jun-11	10,860	2,110	16,800	6.0%	www.animalcaregroup.co.uk
Aerospace and Defence	3.2%	2.8%	30-Apr-12	75,410	4,160	52,100	3.2%	www.cohortplc.com
Industrial Engineering	6.4%	2.4%	31-May-12	43,990	1,240	23,690	6.4%	www.avingtrans.plc.uk
Healthcare Equipment & Services	5.0%	2.3%	31-Dec-11	7,602	1,710	12,620	5.2%	www.sigroupplc.com
Food Producers	2.9%	1.5%	30-Apr-12	128,300	2,850	47,010	4.0%	www.zetarplc.com
Industrial Engineering	4.1%	1.2%	30-Sep-11	23,130	580	15,540	4.1%	www.pressuretechnologies.co.uk
Support Services	3.9%	1.1%	30-Sep-11	17,370	350	6,660	3.9%	www.driver-group.com
Software and Computer Services	4.8%	1.1%	31-Dec-11	10,790	1,510	5,414	4.8%	www.instem.com
Healthcare Equipment & Services	5.0%	1.1%	31-Mar-12	11,120	480	13,330	5.0%	www.omegadiagnostics.com
Pharmaceuticals & Biotechnology	0.6%	1.1%	30-Jun-11	51,420	(9,770)	114,000	0.6%	www.sinclairpharma.com
Software and Computer Services	4.1%	1.1%	31-Mar-12	12,640	60	10,250	4.1%	www.accumuliplc.com
Software and Computer Services	9.4%	1.0%	30-Nov-11	7,233	(280)	9,596	9.4%	www.accessintelligence.com
Real Estate Investment & Services	10.3%	1.0%	31-Mar-12	10,600	460	6,360	10.3%	www.hmlholdings.com
Software and Computer Services	3.5%	1.0%	30-Sep-11	26,420	750	18,470	3.5%	www.sanderson.co.uk
Healthcare Equipment & Services	4.1%	0.9%	30-Jun-11	9,287	510	11,960	4.1%	www.tristel.com
Media	5.3%	0.9%	31-Dec-11	22,760	(3,000)	16,260	5.3%	www.hasgrove.com
Healthcare Equipment & Services	5.3%	0.8%	31-Dec-11	6,831	1,100	7,990	5.3%	www.vindonhealthcare..com
Support Services	1.7%	0.8%	31-Mar-12	22,980	2,340	23,220	1.7%	www.vianetplc.com

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
Maxima Holdings plc Implementation and support of enterprise software solutions	Nov 2004	2,251	2,500	391	Bid price	Ordinary shares
EG Solutions plc Implementation and support of enterprise software solutions	Jun 2005	406	500	359	Bid price	Ordinary shares
Tangent Communications plc Integrator of technology, data and marketing strategies	Dec 2007	163	500	346	Bid price	Ordinary shares
SnackTime plc Operator of vending machines	Dec 2007	2,102	2,044	279	Bid price	Ordinary shares
Green Compliance plc Compliance related business support services	Dec 2009	2,100	2,000	247	Bid price	Ordinary shares
Printing.com plc Franchised high street printing	Aug 2004	231	231	231	Bid price	Ordinary shares
Hangar 8 plc Operator of privately owned passenger jet aircraft	Nov 2010	250	250	220	Bid price	Ordinary shares
Datong Electronics plc Development of a range of advanced covert tracking and location systems to government defence and security agencies	Sep 2005	784	1,000	219	Bid price	Ordinary shares
Brady plc Provider of transaction and risk management software solutions	Dec 2010	112	112	184	Bid price	Ordinary shares
PHSC plc Health and Safety consultancy and training	Mar 2007	153	450	178	Bid price	Ordinary shares
Dillistone Group plc Provider of software services to the executive recruitment industry	Jun 2006	106	106	168	Bid price	Ordinary shares
Dods (Group) plc (formerly Huveaux plc) Media group focused on political communication, training and publishing	Mar 2003	1,000	1,000	150	Bid price	Ordinary shares
Belgravium Technologies plc Development and supply of rugged, hand-held data capture devices to the logistics sector	Sep 2005	263	350	137	Bid price	Ordinary shares
Pilat Media Global plc Development and support of scheduling software for digital tv	Apr 2004	275	275	130	Bid price	Ordinary shares
Crawshaw Group plc Yorkshire based chain of retail butchers	Apr 2007	538	1,000	110	Bid price	Ordinary shares
Augean plc Treatment and disposal of hazardous waste	Dec 2004	500	500	97	Bid price	Ordinary shares
Marwyn Management Partners plc (formerly Praesepe Group plc) Corporate vehicle pursuing acquisitions in the public markets	Jul 2008	188	188	79	Bid price	Ordinary shares
Vitesse Media plc Media and events company focused on the financial and technology sectors	Nov 2007	160	400	48	Bid price	Ordinary shares
Brookwell D Shares (formerly Universe Group) Closed ended investment company	Apr 2007	105	105	44	Bid price	Ordinary shares
Keycom plc Managed communication services to the education and military markets	Apr 2008	340	340	43	Bid price	Ordinary shares
ACM Shipping Group plc Ship Brokers	Dec 2006	49	41	36	Bid price	Ordinary shares
Discover Leisure plc (in administration) Retailer of caravans and motor homes	Sep 2006	29	350	–	Bid price	Ordinary shares
		33,663	**34,508**	**35,778**		

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 and computer services	5.2%	0.7%	01-Jun-11	28,240	(6,580)	8,400	5.2%	www.maxima.co.uk
Software and Computer Services	4.1%	0.6%	31-Jan-12	4,714	150	1,916	4.1%	www.eguk.co.uk
Support Services	8.9%	0.6%	29-Feb-12	21,720	1,450	20,980	8.9%	www.tangentuk.com
Food & Drug Retailers	8.5%	0.5%	31-Mar-12	22,190	(730)	18,520	8.5%	www.snacktimeuk.co.uk
Financial Services	9.7%	0.4%	31-Mar-12	21,230	(3,660)	11,690	9.7%	www.greencomplianceplc.com
Support Services	1.6%	0.4%	31-Mar-12	21,770	1,260	6,311	1.6%	www.printing.com
Industrial Transportation	2.6%	0.4%	30-Jun-11	18,160	(500)	109	2.6%	www.hangar8.co.uk
Electronic and Electrical Equipment	5.6%	0.4%	30-Sep-11	11,750	50	9,872	5.6%	www.datong.co.uk
Software and Computer Services	0.2%	0.3%	31-Dec-11	19,160	2,100	23,950	0.2%	www.bradyplc.com
Support Services	8.1%	0.3%	31-Mar-12	4,434	410	5,370	8.1%	www.phscplc.co.uk
Software and Computer Services	3.6%	0.3%	31-Dec-11	5,448	1,230	3,847	6.5%	www.dillistone.com
Media	1.2%	0.3%	31-Dec-11	15,260	(1,070)	30,950	1.2%	www.dodsgroupplc.com
Technology Hardware & Equipment	2.5%	0.2%	31-Dec-11	11,160	1,020	10,890	2.5%	www.belgravium.com
Software and Computer Services	0.8%	0.2%	31-Dec-11	22,530	(970)	19,090	0.8%	www.pilatmedia.com
Food & Drug Retailers	8.5%	0.2%	31-Jan-12	18,890	–	9,943	8.5%	www.crawshawgroupplc.co.uk
Support Services	3.2%	0.2%	31-Dec-11	37,460	1,390	46,860	3.7%	www.augeanplc.com
Financial Services	0.4%	0.1%	31-Dec-11	33,240	(4,390)	53,040	0.4%	www.praesepeplc.com
Media	4.2%	0.1%	31-Jan-12	2,943	(510)	1,653	4.2%	www.vitessemedia.co.uk
Financial Services	1.4%	0.1%	30-Jun-12	–	–	5,860	1.4%	www.brookwelllimited.com
Fixed Line Telecommunications	2.2%	0.1%	30-Sep-11	6,730	680	8,610	2.2%	www.keycom.co.uk
Industrial Transportation	1.2%	0.1%	31-Mar-12	26,580	(3,800)	12,360	1.2%	www.acmshipping.co.uk
General Retailers	0.0%	0.0%	–	–	–	–	0.0%	www.discover.co.uk
		60.6%						

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
Unlisted investments						
Access Intelligence plc – Loan stock[1] Compliance software solutions for the public and private sectors	Jun 2009	750	750	750	Cost (Reviewed for impairment)	Loan stock
SnackTime plc – Loan stock[2] Operator of vending machines	Dec 2008	550	550	550	Cost (Reviewed for impairment)	Loan stock
Optimisa plc Marketing services group providing marketing consultancy and research	Oct 2007	–	403	112	Cost (Reviewed for impairment)	Ordinary shares
Synarbor plc Public sector recruitment and services specialising in education	Apr 2004	1,000	1,000	29	Cost (Reviewed for impairment)	Ordinary shares
Hexagon Human Capital plc (in liquidation) Recruitment	Feb 2007	682	1,680	–	Full provision	Ordinary shares
Centurion Electronics plc Design and distribution of in-car audio-visual entertainment systems	Nov 2002	575	575	–	Full provision	Ordinary shares
Relax Group plc (in liquidation) Specialist advisors in the management of personal debt	May 2006	400	400	–	Full provision	Ordinary shares
		3,957	**5,358**	**1,441**		
Total qualifying investments		**37,620**	**39,866**	**37,219**		
Non-qualifying investments						
OEIC funds managed by Unicorn Asset Management	Dec 2001	5,340	5,318	7,900	Bid price	B Shares
Fully listed equities	N/A	6,432	6,417	6,235	Bid price	Ordinary shares
AIM quoted equities	N/A	5,775	6,038	6,102	Bid price	Ordinary shares
Money market funds+	Dec 2002	720	720	720	Bid price	Participating shares
Green Compliance plc – Loan stock[3] Compliance related business support services	Jul 2012	250	250	250	Cost (Reviewed for impairment)	Loan stock
Invu plc – Loan stock[4] Document & content management, workflow and automation software	Aug 2009	200	200	100	Cost (Reviewed for impairment)	Loan stock
Unlisted equities	N/A	5	5	–	Full provision	Ordinary shares
Total non-qualifying investments		**18,722**	**18,948**	**21,307**		
Total investments		**56,342**	**58,814**	**58,526**		
Other assets				**715**		
Current liabilities				**(244)**		
Net assets				**58,997**		
5 Largest non-qualifying investments						
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	3,285	3,262	4,720	Bid price	B shares
Mears Group plc	May 2007	2,216	2,216	2,152	Bid price	Ordinary shares
Unicorn Mastertrust Fund (OEIC)	Jun 2004	1,228	1,228	1,839	Bid price	B shares
Unicorn Free Spirit Fund (OEIC)	Dec 2001	828	828	1,341	Bid price	B shares
Scapa Group plc	Sep 2010	266	266	960	Bid price	Ordinary shares

+ Disclosed within Current Investments under Current assets in the Balance Sheet
1 Income recognised for the period was £45,000
2 Income recognised for the period was £44,000
3 Income recognised for the period was £7,000
4 Income recognised for the period was £14,000
5 The assets and liabilities of Unicorn AIM VCT II were acquired at their fair value in March 2010, forming part of Book cost. 'Original cost' shows the original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

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 and Computer Services	N/A	1.3%	30-Nov-11	7,233	(280)	9,596	9.4%	www.accessintelligence.com
Food & Drug Retailers	N/A	0.9%	31-Mar-12	22,190	(730)	18,520	8.5%	www.snacktimeuk.co.uk
Media	0.0%	0.2%	31-Dec-11	12,130	(1,040)	8,400	0.0%	www.optimisaplc.com
Support Services	0.0%	0.0%	31-Dec-11	21,440	(8,260)	14,970	0.0%	www.synarbor.com
Support Services	0.0%	0.0%					0.0%	www.hexagonhcm.com
Electronic & Electrical equipment	0.0%	0.0%					0.0%	www.centurionsystems.co.uk
Financial Services	0.0%	0.0%					0.0%	N/A
		2.4%						
		63.0%						
	N/A	13.4%					N/A	www.unicornam.com
	N/A	10.6%					N/A	
	N/A	10.3%					N/A	
	N/A	1.2%					N/A	
Financial Services	N/A	0.4%	31-Mar-12	21,230	(3,660)	11,690	0.2%	www.greencomplianceplc.com
Software and Computer Services	N/A	0.2%	31-Jan-12	2,684	(270)	(835)	20.0%	www.invu.net
	N/A	0.0%					N/A	
		36.1%						
		99.1%						
		1.2%						
		(0.3)%						
		100.0%						
	68.2%	8.0%					68.2%	www.unicornam.com
	0.9%	3.6%					1.0%	www.mearsgroup.co.uk
	39.3%	3.1%					39.3%	www.unicornam.com
	23.7%	2.3%					23.7%	www.unicornam.com
	1.0%	1.6%					1.0%	www.scapa.com

Board of Directors

Peter Dicks

Status: **Independent, non-executive Chairman.**

Age: **70.**

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Polar Capital Technology Trust plc, Graphite Enterprise Trust plc, Daniel Stewart Securities plc, Henderson Fledging Trust plc, Private Equity Investor plc and Sportingbet plc. He is a director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc and Foresight 5 VCT plc.

Length of service as at 30 September 2012: Eleven years.

Last re-elected to the Board: January 2012, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2012: 10/11

Remuneration 2011/12: £20,000.

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 shareholder in Keycom plc.

Shared directorships with other Directors: Director of Foresight VCT 2 plc, of which Jocelin Harris is the Chairman.

Other public company directorships (not disclosed above): Foresight Clearwater VCT plc.

Shareholding in the Company: 76,000 Ordinary Shares.

Jocelin Harris

Status: **Senior Independent, non-executive Director.**

Age: **67.**

Experience: Jocelin Harris is a qualified solicitor and is Chief Executive of Durrington Corporation Limited, which provides management and financial support services to small and developing businesses, where he has worked since 1986. Before this he was a director of a private bank in the City. He is currently the Chairman of Keycom plc and Foresight 2 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 2012: Six years, five months

Last re-elected to the Board: 25 February 2010, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2012: 10/11

Remuneration 2011/12: £17,500.

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

Relevant relationships with investee companies: Chairman and shareholder of Keycom plc, beneficial interest in Mears Group plc.

Shared directorships with other Directors: Chairman of Foresight VCT 2 plc, of which Peter Dicks is also a director.

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

Shareholding in the Company: 50,000 Ordinary Shares (2011: 26,678).

Jeremy Hamer

Status: **Independent, non-executive Director.**

Age: **60.**

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 Chairman of SnackTime plc and also has a portfolio of executive and non-executive director roles particularly with AIM listed companies, as well as being a qualified executive coach.

Length of service as at 30 September 2012: Two years, six months.

Last re-elected to the Board: 7 January 2011.

Committee memberships: Audit Committee (Chairman).

Number of Board and Committee meetings attended 2012: 11/11

Remuneration 2011/12: £17,500.

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

Relevant relationships with investee companies: Chairman and Shareholder of SnackTime plc, director and shareholder of Access Intelligence plc and Avingtrans plc, each an investee company.

Shared directorships with other Directors: None.

Other public company directorships (not disclosed above): Rose Bowl plc and SQS plc.

Shareholding in the Company: 28,870 Ordinary Shares.

Malcolm Diamond MBE

Status: **Non-executive Director.**

Age: **64.**

Experience: Malcolm Diamond established the Bluesky Partnership whose mission is to grow stakeholder value principally for private, VCT and institutional shareholders. This is achieved by direct involvement through non-executive or part time executive directorships or, where appropriate, through interim management. He is currently chairman of Cathedral Works Organisation Chichester Limited. Between 1984 and 2002, he was managing director of Trifast plc which he led to a full listing in 1994. Although he retired from Trifast plc in 2002, he returned in March 2009 to become executive chairman. He recently retired as senior non-executive director of Dechra Pharmaceuticals plc, having served Dechra for 10 years.

Length of service as at 30 September 2012: Two years, six months

Last re-elected to the Board: 7 January 2011.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2012: 7/11

Remuneration 2011/12: £15,000.

Relevant relationships with the Investment Manager or other service providers: Shareholder of Unicorn Asset Management Limited, holding 0.38% of the Investment Manager's issued share capital.

Relevant relationships with investee companies: None.

Shared directorships with other Directors: None.

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

Shareholding in the Company: 16,223 Ordinary Shares.

James H Grossman

Status: **Independent, non-executive Director.**

Age: **73.**

Experience: James Grossman is an international business lawyer and arbitrator with over 35 years' experience in M&A and venture capital transactions and serves on the boards of several public companies. He is also a member of the arbitration panels of the International Centre for Dispute Resolution and the American Arbitration Association, the International Chamber of Commerce and the Domain Name Dispute Panel of the World Intellectual Property Organisation in Geneva. He serves on the advisory board of Thalassa Holdings Limited, an oil related technology company, whose shares are traded on AIM.

Length of service as at 30 September 2012: Three years, eight months

Last re-elected to the Board: 25 February 2010, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Number of Board and Committee meetings attended 2012: 9/11

Remuneration 2011/12: £15,000.

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

Relevant relationships with investee companies: Beneficial shareholder (via trust) in Abcam plc.

Shared directorships with other Directors: None.

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

Shareholding in the Company: Beneficial holder of 5,000 Ordinary Shares (held via nominee).

Directors' Report

The Directors present the eleventh Annual Report and Accounts of the Company for the year ended 30 September 2012 ("Annual Report").

Business review and principal activities

The principal activity of the Company during the year under review was investment in AIM quoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the Investment Manager's Review and Investment Portfolio Summary on pages 8 – 19 of this Annual Report. A review of the Company's business during the year including the key performance indicators of NAV per share, cumulative dividends paid and total return is contained in the Chairman's Statement on pages 4 – 6 and on the Key Data on pages 1 – 3.

The Company has satisfied the requirements for approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

The Company revoked its status as an investment company as defined in section 266 of the Companies Act 1985 on 17 August 2004 to facilitate the ability to pay dividends from capital, in common with many other VCTs.

Principal risks and uncertainties

The Directors review the principal risks faced by the Company as part of the internal controls process (see the Corporate Governance Statement on pages 29–33 for further information). The principal risks identified by the Directors are:

- Investment and strategic risk – Unsuitable investment strategy or stock selection could lead to poor returns to shareholders.
- Regulatory and tax risk – The Company is subject to relevant laws and regulations including Companies Act 2006, Income Tax Act 2007, UK Listing Authority Rules and United Kingdom Accounting Standards. There is a risk that the Company may breach these rules and face 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 Income Tax Act 2007 before shareholders have held their shares for the minimum period required to retain their tax reliefs. Should the Company lose its VCT status, shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gain received if they dispose of their shares. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- 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 or insecurity of assets.
- Fraud and dishonesty risks – Fraud may occur involving company assets perpetrated by a third party, the Investment Manager or other service provider.
- Financial Instruments risks – The main risks arising from the Company's financial instruments are due to fluctuations in their market prices and in interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in note 19 on pages 49 –53.
- Economic risk – Events such as recession, inflation or deflation and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's investments.

Future developments

The Company will continue to pursue its investment objective as set out at the beginning of this Report, in line with its Investment Policy on page 7. Further information is outlined in the Chairman's Statement and Investment Manager's Review.

Share capital

The Company launched a top up offer for subscription and an enhanced buyback facility on 13 January 2012 to raise up to £4.125 million and, due to strong demand, both closed on 2 February 2012. 4,115,220 shares were bought back at 93.95 pence per share with the net proceeds of £3,866,249 immediately being applied to the allotment and issue of 3,984,260 new shares to participating shareholders. A further £106,222 was subscribed for 105,767 new ordinary shares, which were issued to investors applying for shares directly under the Top Up Offer.

The Board believes that it is in the best interests of the Company and its Shareholders to make occasional market purchases of its shares at a suitable discount, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and reduce any prevailing discount to NAV in the market price that might otherwise prevail.

During the year, the Company bought back and cancelled 4,936,195 shares (being £49,362 nominal value or 8.44% of the opening number of 58,492,674 shares in issue at a cost of £4,487,420 (including expenses). These figures include 4,115,220 shares bought back under the enhanced buyback facility referred to above. Excluding these, 820,975 shares were bought back at a cost of £601,835.

As at 30 September 2012 the Company had 57,646,506 shares in issue having a nominal value of £576,465.

Voting rights of Shareholders

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.

Results and dividend

The revenue return for the year was £387,000 after taxation (2011: £288,000), while the capital return was £1,675,000 (2011: £1,122,000).

A dividend of 5 pence per share (Income: 0.75p; Capital 4.25p) was paid to shareholders on 10 February 2012.

The Directors are recommending a final dividend of 5.0 pence per share (income: 0.5p; capital: 4.5p) to Shareholders, payable on 8 February 2013 to shareholders on the register on 11 January 2013.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on pages 20 – 21 of this Annual Report.

The Directors' interests, including those of connected persons, in the issued capital of the Company as at 30 September 2012 were:

	30 September 2012	30 September 2011
	Ordinary Shares	Ordinary Shares
Malcolm Diamond	16,223	16,223
Peter Dicks	76,000	76,000
James Grossman*	5,000*	5,000*
Jeremy Hamer	28,870	28,870
Jocelin Harris	50,000	26,678

* Beneficial holder of shares via nominee

There have been no changes in the Directors' interests since 30 September 2012. No options over the share capital of the Company have been granted to the Directors. No Director has a service contract with the Company. The Company does not have any employees.

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

Peter Dicks, James Grossman and Jocelin Harris will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 7 February 2013;

- 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 eleven years and in accordance with the AIC Code, Peter Dicks will retire by rotation and offer himself for re-election annually. Following a review of his performance, the Board agreed that Peter Dicks continued to make a substantial contribution to the Board as its Chairman and that his length of service was an asset to the Company. The remaining directors have no hesitation in recommending his re-election to Shareholders.
- In accordance with the Company's Articles of Association and the AIC Code, James Grossman will retire by rotation at the Annual General Meeting of the Company to be held on 7 February 2013 and being eligible offers himself for re-election. Following a review of his performance, the Board noted that James Grossman has considerable experience of making investments in the types of companies in which the Company invests. He has shown himself to be a committed and independent director who continues to make a substantial contribution to the Board. The remaining directors have no hesitation in recommending him for re-election to Shareholders.
- In accordance with the Company's Articles of Association and the AIC Code, Jocelin Harris will retire by rotation at the Annual General Meeting of the Company to be held on 7 February 2013 and being eligible offers himself for re-election. Following a review of his performance, the Board noted that Jocelin Harris has considerable experience both of making investments in the types of companies in which the Company invests and being a VCT director. As a senior director, he has shown himself to be a committed and independent director who continues to make a substantial contribution to the Board. The remaining directors have no hesitation in recommending him for re-election to Shareholders.

Malcolm Diamond has asked to stand down as one of the Directors of the Company. He will retire immediately after the forthcoming Annual General Meeting of the Company to be held on 7 February 2013.

Directors' Report

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. Further information is available in Note 3 to the Accounts on page 41.

Company Secretary and Company Administrator

Matrix-Securities Limited was appointed as both Company Secretary and Company Administrator to the Company under an agreement dated 1 October 2001. This agreement was superseded by a revised Agreement on 9 March 2010 following completion of the merger with Unicorn Aim VCT II plc. The Company agreed to Matrix-Securities Limited novating its secretarial services, administration and accountancy services agreement to Matrix Private Equity Partners LLP on 29 May 2012. Following a change in the ownership structure of Matrix Private Equity Partners LLP, the Company Secretary and Company Administrator changed its name to Mobeus Equity Partners LLP on 29 June 2012.

Corporate Broker

On 10 December 2008, the Company appointed Matrix Corporate Capital LLP as corporate broker. On 25 October 2012 Matrix Corporate Capital LLP ceased to be a market maker and the Company appointed Panmure Gordon (UK) Limited as its corporate broker, as the team previously providing these services at Matrix Corporate Capital LLP has moved to Panmure Gordon (UK) Limited.

VCT status monitoring

The Company has retained PricewaterhouseCoopers LLP (PWC) to advise on its compliance with the legislative requirements relating to VCTs. PWC review new investment proposals as appropriate and carry out regular reviews of the Company's investment portfolio.

Independent auditor

PKF (UK) LLP was re-appointed as the auditor of the Company during the year and has expressed its willingness to continue in office. A resolution to re-appoint PKF (UK) LLP and to authorise the Directors to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Auditor's right to information

So far as the Directors 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.

Environmental, social and community matters

The Directors consider that, as a VCT, the Company's business has a limited impact upon environmental, social and community matters, but aims to take into account such matters where relevant.

The Company's Annual and Half-Yearly reports are printed on paper sourced from forests certified by the Forestry Stewardship Council that meet its environmental, social and economic standards.

Substantial interests

As at 20 December 2012 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

The Company's policy is to pay all creditors' invoices within 30 days of the invoice date unless otherwise agreed. At 30 September 2012 the average credit period for trade creditors was 2 days (2011: 2 days).

Directors and Officers liability insurance

The Company maintains a Directors' and Officers' liability insurance policy. The policy does not provide cover for fraudulent or dishonest actions by the Directors.

Anti-bribery policy

The VCT has a zero tolerance approach to bribery. The following is a summary of its policy:

- Unicorn AIM VCT plc will not tolerate bribery under any circumstances in any transaction in which it is involved.
- Unicorn AIM VCT plc values its reputation for ethical behaviour and for financial probity and reliability. The Directors are committed to working to the highest ethical standards throughout the business.
- Unicorn AIM VCT plc expects and requires each of its service providers to work to the same standard.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 34 of this Annual Report.

The report of the independent auditor is set out on page 35 of this Annual Report.

An accountability and audit review is set out on page 33 of this Annual Report.

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 2012, the Company held cash balances and investments in money market funds with a combined value of £1,252,000. The majority of the Company's investment portfolio also remains invested in fully listed and AIM quoted equities which may be realised, subject to the Company maintaining its VCT status. Cash flow projections 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 external loan finance in place and is therefore not exposed to any gearing covenants.

Related party transactions

Details of related party transactions can be found in Note 21 on page 54.

Post balance sheet events

On 5 November 2012, £800,000 was invested in new qualifying shares in Tangent Communications plc.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 10.00am on 7 February 2013 at 30 Haymarket, London SW1Y 4EX is set out on pages 56 – 59 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report.

The notice of the meeting includes resolutions to re-elect Peter Dicks, James Grossman and Jocelin Harris as Directors of the Company. Brief biographical details are published on pages 20 – 21 of this Annual Report. The Board believes that Peter Dicks, James Grossman and Jocelin Harris bring valuable skill, experience and expertise to the Company and recommends shareholders to vote in favour of the resolutions relating to the re-election of the Directors.

In addition to the ordinary business there is some special business pursuant to resolutions 9 to 11, which is explained below. Resolutions 1 to 9 and Resolution 12 are being proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour to be passed. Resolutions 10 and 11 will be proposed as special resolutions requiring 75% of the votes cast at the meeting to be in favour to be passed. The resolutions proposed are the usual resolutions which have been obtained in previous years, save that the Board proposes to ask shareholders to approve an increased authority for allotment of, and dissapplication of pre-emption rights in respect of, shares than has been the case in previous years. The Board is seeking this authority so that, if it decides later in the year to make a more substantial offer for subscription, it will be in a position to do so without having to incur the cost of another general meeting. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

An explanation of resolutions 9 to 12 are set out below:

Resolution 9: Allotment of shares

This resolution 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 £286,983 (being approximately 50% of the issued share capital of the Company as at the date hereof). This authority, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the Company to be held in 2014.

Resolution 10: Disapplication of pre-emption rights

Under section 561 of the Act, if the Directors wish to allot any new shares or sell treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings. Resolution 10 will enable the Directors to allot equity securities for cash or sell treasury shares without first offering the securities to existing Shareholders in connection with the allotment and issue of equity securities up to an aggregate nominal value of £286,983, where the proceeds of the allotment may be used in whole or in part to purchase the Company's shares in the market.

The authority conferred under this resolution, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the Company to be held in 2014 and is intended to be used for any offer(s) for subscription which, as above, the Board may decide to implement later in the year.

Resolution 11: Authority for the Company to purchase its own shares

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to an aggregate of 8,035,510 shares being purchased representing approximately 14.99% of the Company's issued share capital at the date hereof. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than five per cent above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding such purchase and (ii) the price stipulated by Article 5(i) of the Buy Back and Stabilisation Regulations. The minimum price that may be paid for a share is 1 pence, being the nominal value thereof.

Purchases of shares will only be made on the London Stock Exchange and only in circumstances where the Board believes that they are 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 net asset value per share and earnings per share. If the Company makes any purchases of its own shares under Resolution 11, the Board currently intends to cancel those shares.

The authority conferred under this resolution, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the Company to be held in 2014.

Resolution 12: Authority to approve electronic communications with shareholders

The Companies Act 2006 introduced the key principle that companies should, subject to shareholder approval, be able to use electronic communication in place of the previous requirement for using paper communications.

This resolution authorises the Company to send or supply documents or information to shareholders by making them available on a website, provision for this already having been made in the articles of association of the Company adopted at the annual general meeting of the Company held in January 2010. The resolution covers all documents or information that the Company sends to shareholders, including the annual report and accounts, notice of general meetings, shareholder newsletters from the Company's Investment Manager or the Company and any documents which the Company is required to send to shareholders under the Listing Rules or other rules to which the Company is subject.

This not only reduces printing and mailing costs but also reduces the environmental impact usually associated with paper communications. Shareholders can, however, ask for a hard copy of any document at any time.

If the resolution is passed, the Company will ask each shareholder individually to agree that the Company may send or supply documents or information by means of making them available to view on its website. The request will explain that, if the Company has not received a response from the shareholder within 56 days, the shareholder will be deemed to have agreed. The request will be sent to all Unicorn AIM VCT plc shareholders.

Even if a shareholder fails to respond, and is deemed to have agreed to website publication, he or she can ask for a hard copy of any document from the Company at any time. The Company will send the copy free of charge within 21 days of receiving the request.

The Company will notify shareholders for whom it has an email address when a document or information is made available on the website.

By order of the Board

For Mobeus Equity Partners LLP
Company Secretary
20 December 2012

Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 7 February 2013. The Company's independent auditor is required to give its opinion on the specified information provided on Directors' emoluments below and this is explained further in their report to Shareholders on page 35.

The remuneration of individual Directors is determined by the Board as a whole, which is chaired by Peter Dicks. The Board meets to consider remuneration matters at least once a year and is responsible for reviewing the remuneration of the Directors.

Remuneration policy

The remuneration policy is determined by the Board as a whole. The Board considers remuneration policy and matters at least once a year and reviews the remuneration of the Directors and the appropriateness and relevance of the remuneration policy.

When considering the level of Directors' remuneration, the Board takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and make-up of remuneration which are sufficient to attract, retain and motivate directors of the quality required to oversee the running of the Company successfully and reflect duties and responsibilities of the roles and the value of time spent in carrying these out. The Board has access to independent advice where it considers it appropriate. However, no such advice was taken during the year under review.

With the exception of Malcolm Diamond, all the Directors are considered to be independent. All of the directors are non-executive and it is not considered appropriate at the current time to relate any portion of their remuneration to performance. Malcolm Diamond is a shareholder in the Investment Manager with a holding of 0.38%. Under the Investment Management Agreement dated 9 March 2010 (and amended on 12 April 2010), the Investment Manager receives an annual management fee of 2% of the net asset value of the Company (excluding investments in OEICs). Under an Amended Incentive Agreement dated 12 April 2010, the Investment Manager may also receive an incentive fee, subject to the achievement of certain targets in the year ended 30 September 2011 and future financial years. No incentive fee was earned by the manager for the year ended 30 September 2012 or the previous year. For further details please see note 3 on page 41 of this Annual Report.

It is intended that this policy will continue for the year ended 30 September 2013 and subsequent years.

The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £120,000 per annum.

Details of the Directors' remuneration are disclosed below and in the Notes to the Accounts.

Terms of appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. All Directors are required to retire by rotation at the third Annual General Meeting following their last re-election. Directors retiring by rotation are then eligible for re-election. A Director will be subject to annual re-election once he has held office for a continuous period of nine years or more.

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 contract has been entered into with him. Further details are provided below. 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 time commitments to the Board before appointment. Copies of the letters appointing the Directors are made available for inspection to 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.

Pensions (audited information)

None of the Directors receive pension benefits from the Company.

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

The Company has not granted any Director any options over the share capital of the Company.

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 any of the Directors bonuses or benefits in addition to their Directors' fees. Jocelin Harris and Jeremy Hamer are entitled to an additional fee due to their roles as Senior Independent Director and Audit Committee Chairman, respectively.

	Total Directors' fees	
	30 September 2012 £	30 September 2011 £
Peter Dicks	20,000	20,000
Jocelin Harris	17,500	17,500
James Grossman	15,000	15,000
Malcolm Diamond*	15,000*	15,000*
Jeremy Hamer*	17,500*	17,500*
TOTAL	**85,000**	**85,000**

*£12,500 (2011: £12,000) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited. In 2011 Malcolm Diamond's fee was paid to his consultancy business Bluesky Partnership (2012: Nil).

Directors' Remuneration Report

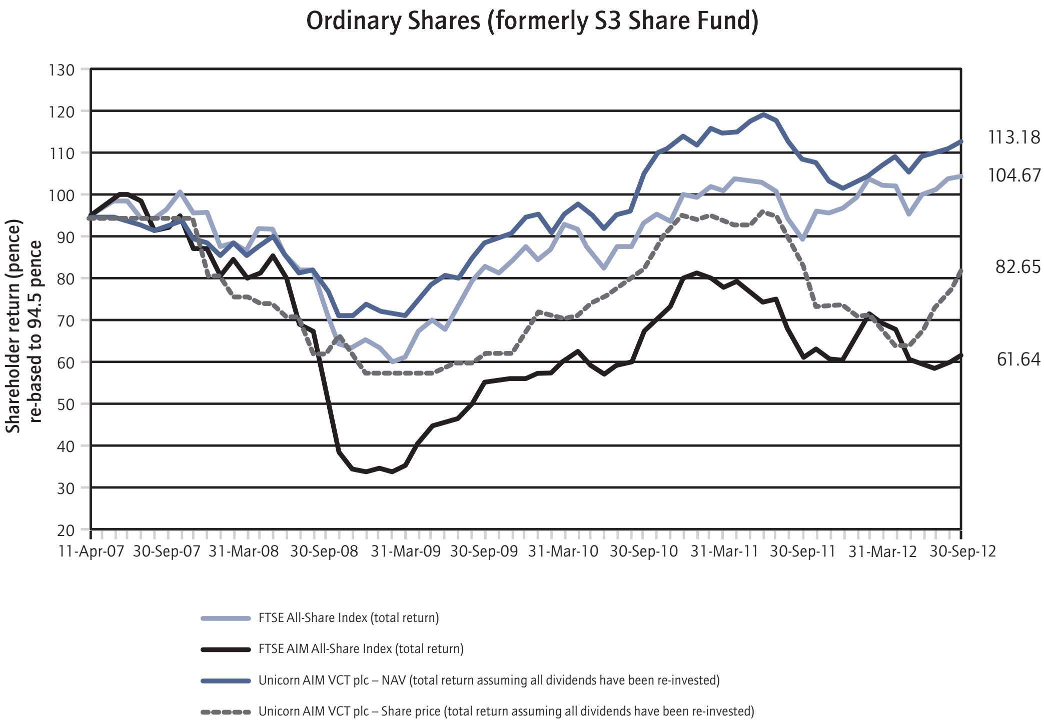
The Directors received no further emoluments in respect of their services. Claims for expenses during the year were £202 (2011: £566). Aggregate fees in respect of qualifying services for all directors amounted to £85,000 (2011: £85,000).

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 below, the total shareholder return figures have been rebased to 94.5 pence, which was equivalent to the opening NAV per share of the Company after issue costs.

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 Chairman's Statement on pages 4 - 6 and in the Investment Manager's Review and Investment Portfolio Summary on pages 8 - 19.

By order of the Board

For Mobeus Equity Partners LLP
Secretary
20 December 2012

Corporate Governance Statement

The Directors of Unicorn AIM VCT plc have continued to adopt the Association of Investment Companies Code of Corporate Governance (the "AIC Code"), as revised in October 2010, for the financial year ended 30 September 2012. The AIC Code addresses all principles set out in Section 1 of the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the Listing Rules. The AIC Code can be found on the AIC's website, www.theaic.co.uk.

This statement has been prepared in accordance with the FSA's Disclosure and Transparency Rule 7.2 on Corporate Governance Statements.

The Company believes that reporting against the principles of the AIC Code will provide more relevant information to shareholders than against the UK Corporate Governance Code.

Compliance with the UK Corporate Governance Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Corporate Governance Code except where noted below. There are certain areas of the UK Corporate Governance 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 externally managed investment company, 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 PricewaterhouseCoopers LLP, 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 Corporate Governance Code and believes that the Company has complied with the provisions thereof for the year under review, except as outlined below.

The Board

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 the most appropriate 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 20 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, the London Stock Exchange and UK Accounting Standards; changes relating to the Company's capital structure or its status as a plc; 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 the majority of the 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.

The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance, including but not limited to investor relations, peer group information and issues affecting the investment industry as a whole. The Board, through the Investment Manager and corporate broker, monitors the level of the share price discount and, if considered appropriate, takes action to reduce it. 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 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. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that the Audit Committee has sufficient resources to undertake its duties.

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. Six Board, two Board sub-committee and four Audit Committee meetings were held during the year.

Corporate Governance Statement

Director	Board	Audit Committee
Peter Dicks	6*	4
Malcolm Diamond	4	3
James H Grossman	5	4
Jeremy Hamer	7**	4
Jocelin Harris	6*	4

* includes one Board sub-committee meeting to approve the accounts.

** includes two Board sub-committee meetings to allot shares and to approve the accounts.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary.

Tenure

All Directors are subject to election by Shareholders at the first Annual General Meeting following their appointment. Each Director retires by rotation at an Annual General Meeting if they have held office as a director at the two immediately preceding Annual General Meetings 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/ re-election
Peter Dicks	1 October 2001	AGM 2 February 2012	AGM 2013
Malcolm Diamond	9 March 2010	AGM 7 January 2011	AGM 2014
James H Grossman	15 January 2009	AGM 25 February 2010	AGM 2013
Jeremy Hamer	9 March 2010	AGM 7 January 2011	AGM 2014
Jocelin Harris	25 April 2006	AGM 25 February 2010	AGM 2013

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 eleven years and the Board considers that he remains independent of the Investment Manager as he continues to offer independent, professional judgement and constructive challenge of the Investment Manager. In accordance with the AIC Code, however, Peter Dicks will offer himself for re-election annually.

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, with the exception of Malcolm Diamond, all of the Directors are independent of the Investment Manager. **Peter Dicks** is a non-executive Director and shareholder in Mears Group plc, one of the Company's investee companies. Peter Dicks is also a shareholder in one other investee company, Keycom plc. **Jocelin Harris** is the Chairman and a shareholder in Keycom plc, holding less than 1% of the issued share capital and has a beneficial interest in Mears Group plc. **James Grossman** has a very small shareholding in Abcam plc via a trust fund, holding less than 0.01% of the issued share capital of this company. **Jeremy Hamer** is the Chairman of SnackTime plc, holding 0.5% of the issued Share Capital, and is also a director and shareholder of the investee companies Access Intelligence plc and Avingtrans plc, holding 2.6% and 0.4% of their respective share capitals. **Malcolm Diamond** holds 0.38% of Unicorn Asset Management Limited.

The Directors who were independent of each conflict, considered the circumstances and agreed that all of the Directors remain independent of the Investment Manager, with the exception of Malcolm Diamond, as these relationships are not of a material size to their assets and other business activities nor to those of the Company. The Board considers that Mr Diamond's shareholding in the Investment Manager may affect his independence from the Investment Manager and therefore he does not participate in decisions regarding the Investment Manager, in particular its continued appointment. There are no other contracts or investments in which the Directors have declared an interest. Further details can be found in Note 21 of the Notes to the Accounts on page 54 on related party transactions.

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 (including each Director's duty to promote the success of the Company). The conflicts identified above have been authorised by the Board in accordance with these procedures. The Articles allow the Directors not to disclose information relating to the 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. Authorisation will be reviewed should there be a material change in an authorised conflict. Future conflicts of interest will be considered by the Board under the above procedures and will be reported upon accordingly.

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 would adopt a formal process of recruitment in the event of an appointment of new Directors. The Board would consider diversity, including gender when considering a new appointment. The selection process involves interviews with the Board and meetings with representatives of members of the Manager. New Directors are provided with an induction pack and an induction session is arranged in conjunction with the Board, the Manager and the Administrator as part of its assessment of each candidate's eligibility for the position, alongside the extent of relevant experience and expertise.

The Board aims to include a balance of skills, experience and length of service that the Directors believe to be appropriate to the management of the Company. The Chairman fully meets the independence criteria as set out in the AIC Code. The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Board. The Board is also in the process of carrying out a performance evaluation of the Directors and the Chairman for the year under review and will consider performance in relation to specific headings such as balance of skills, experience, independence and knowledge of the Company on the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

The Senior Independent Director evaluates all responses and provides feedback to the Board. He concluded that the composition and performance of the Board was effective. The independent Directors monitor the continuing independence of the Chairman and inform him of their discussions.

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

Board Committees

As noted above the Board as a whole considers matters relating to management engagement, nomination and remuneration.

Audit Committee

The Audit Committee comprises all of the Directors and Jeremy Hamer acts as Chairman. The Board is satisfied that Jeremy Hamer has recent and relevant financial experience. The Committee meets at least twice a year to review the internal financial and non-financial controls, accounting policies and contents of the Half-Yearly and Annual Reports to Shareholders. It has primary responsibility for making recommendations on the appointment and removal of the external auditor. The Committee reviews the independence of the auditor and the effectiveness of the audit process annually. Should the Committee be dissatisfied with the standard of service received from the incumbent auditor, a tender process would be undertaken. The Company's external auditor is invited to attend meetings as appropriate.

The Board members who comprise the above Committee of the Board are all independent from the Investment Manager, with the exception of Malcolm Diamond. The Audit Committee has written terms of reference, which deal with its responsibilities and duties, and these are available via the Company Secretary's website link at www.unicornaimvct.com.

The Investment Manager

Under the terms of the Company's Investment Management Agreement with Unicorn Asset Management Limited, the Investment Manager is empowered to give instructions in relation to the disposition 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 their duties under the Agreement in accordance with specific written arrangements laid down by the Board.

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 investment services agreement and policies with the Investment Manager covering key operational issues are reviewed at least annually. In particular, the terms of the Investment Manager's appointment were thoroughly reviewed following the merger with Unicorn AIM VCT II plc and the issues raised by a number of shareholders concerning the term and incentive arrangements with the Investment Manager. 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 8 - 19 and the Key Data sheet on pages 1 - 3. Details of the management fee and incentive fee payable to the Investment Manager are set out in Note 3 to the accounts on page 41. The Board and the Investment Manager aim to operate in a co-operative and open manner.

Internal control and risk management systems

The Board acknowledges that it is responsible for the Company's system of internal control. 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.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These 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 Board 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 stated by the Financial Reporting Council. The review covers consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers and controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board'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.

Corporate Governance Statement

The Board reviews a schedule of key risks at each Board meeting which identifies the risks, controls and any deficiencies that have arisen in the quarter and action to be taken. Each quarterly Board meeting reviews the management accounts, and annual or half-yearly reports arising therefrom, prepared by the 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 AIM companies to an independent data source;
- an independent review of the unquoted investment valuations is conducted quarterly by the Board and annually by the external auditors;
- bank and money-market fund reconciliations are carried out monthly by the Administrator;
- the Board has procedures in place for the approval of expenses and payments to third parties;
- the Directors review monthly investment 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 Audit Committee prior to consideration by the Board; and.
- the Board reviews all financial information prior to publication.

The auditor reviews the accounting processes in place at the Administrator and Investment Manager as part of the annual audit and reports any concerns to the Audit Committee. The Audit Committee reviews the independence of the auditor each year. Both the Administrator and Investment Manager report by exception on matters that may be of relevance to financial reporting and on other matters as appropriate on a quarterly basis.

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 registration services, as discussed above. Each of these contracts was entered into after full and proper consideration by the Board. The Company agreed to Matrix-Securities Limited novating its secretarial services, administration and accountancy services agreement to Matrix Private Equity Partners LLP on 29 May 2012. Following a change in the ownership structure of Matrix Private Equity Partners LLP, the Company Secretary and Administrator changed its name to Mobeus Equity Partners LLP on 29 June 2012. 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 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 4 December 2012. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Diversity

The Directors have considered diversity in relation to the composition of the Board and has made a commitment to consider diversity in making future appointments.

Directors' remuneration and appointment

As noted above, the remuneration and appointment of the Directors is determined by the Board as a whole, in accordance with the Company's Articles of Association. For further details please see the Directors' Remuneration Report on pages 27– 28.

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 and substantial shareholdings can be found in the Directors' Report on pages 22–26.

Powers of the Directors

In addition to the powers granted to the Directors by Company law and the Articles of Association, the Directors maintain shareholder authorities to issue a limited number of shares to disapply 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 receive a copy of the Annual and Half-Yearly Reports. 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 Board as a whole approves the contents of the Annual and Half-Yearly Reports, interim management statements, circulars, stock exchange announcements and other shareholder communications in order to ensure that they present a 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.

The Company counts all proxy votes and indicates to Shareholders at each General Meeting the balance 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 Secretary'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.

Going concern

The Directors have considered going concern and their conclusions are set out on page 25 of this Annual Report.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 34 of this Annual Report.

The Report of the Auditor is set out on page 35 of this Annual Report.

The Audit Committee regularly reviews and monitors the external auditor's independence and objectivity, and as part of this, it reviews the nature and extent of other services supplied by the auditor to ensure that independence is maintained. The Audit Committee concluded that it was in the interests of the Company to purchase the non-audit services from the auditor due to their greater knowledge of the Company and hence efficiency. The Committee believe that audit independence has been maintained as the fees involved were relatively small compared to those for the audit, the work was undertaken by separate teams and did not involve undertaking any management role in preparing the information reported in the accounts.

By order of the Board

For Mobeus Equity Partners LLP
Secretary
20 December 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (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 of 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge:

(a) that the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) that the management report, comprising the Chairman's Statement, Investment Manager's Review, Investment Portfolio Summary and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of the Directors are stated on pages 20 and 21.

For and on behalf of the Board:

Peter Dicks
Chairman
20 December 2012

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

We have audited the financial statements of Unicorn AIM VCT plc for the year ended 30 September 2012 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 31–32 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 25, in relation to going concern; and
- the part of the corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the board on Directors' remuneration.

Timothy Drew (Senior statutory auditor)
for and on behalf of *PKF (UK) LLP, Statutory auditor*
London, UK

20 December 2012

Income Statement

for the year ended 30 September 2012

	Notes	Year ended 30 September 2012 Revenue £'000	Capital £'000	Total £'000	Year ended 30 September 2011 Revenue £'000	Capital £'000	Total £'000
Net unrealised gains on investments	9	–	2,057	2,057	–	781	781
Net gains on realisation of investments	9	–	364	364	–	1,170	1,170
Income	2	1,137	–	1,137	1,103	–	1,103
Investment management fees	3	(249)	(746)	(995)	(276)	(829)	(1,105)
Other expenses	4	(501)	–	(501)	(539)	–	(539)
Profit on ordinary activities before taxation		387	1,675	2,062	288	1,122	1,410
Tax on profit on ordinary activities	6	–	–	–	–	–	–
Profit on ordinary activities after taxation for the financial year		387	1,675	2,062	288	1,122	1,410
Basic and diluted earnings per share:							
Ordinary Shares	8	0.66p	2.88p	3.54p	0.48p	1.89p	2.37p

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

There were no other recognised gains or losses in the year.

The total column of this statement is the profit and loss account of the Company.

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 39 to 54 form part of these financial statements.

Balance Sheet
as at 30 September 2012

Company number 04266437

		30 September 2012		30 September 2011	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments at fair value	9		57,806		59,563
Current assets					
Debtors and prepayments	11	183		177	
Current investments	12	720		779	
Cash at bank	18	532		650	
		1,435		1,606	
Creditors: amounts falling due within one year	13	(244)		(722)	
Net current assets			1,191		884
Net assets			**58,997**		**60,447**
Capital					
Called up share capital	14		576		585
Capital redemption reserve	15		332		283
Share premium account	15		32,331		28,422
Revaluation reserve	15		3,860		2,685
Special distributable reserve	15		12,940		18,838
Profit and loss account	15		8,958		9,634
Equity shareholders' funds			**58,997**		**60,447**
Basic and diluted net asset value per share of 1 pence each:					
Ordinary Shares	16		102.34p		103.34p

The financial statements on pages 36 to 54 were approved and authorised for issue by the Board of Directors on 20 December 2012 and were signed on their behalf by:

Peter Dicks
Chairman

The notes on pages 39 to 54 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds
for the year ended 30 September 2012

	Notes	30 September 2012 £'000	30 September 2011 £'000
Opening Shareholders' funds at 1 October		60,447	62,279
Net share capital bought back in the year	15	(4,487)	(4,173)
Net share capital raised	15	3,901	3,309
Profit for the year		2,062	1,410
Dividends paid	7	(2,926)	(2,378)
Closing Shareholders' funds at 30 September		58,997	60,447

Cash Flow Statement
for the year ended 30 September 2012

	Notes	30 September 2012 £'000	30 September 2012 £'000	30 September 2011 £'000	30 September 2011 £'000
Operating activities					
Investment income received		1,115		1,306	
Other income received		–		50	
Investment management fees paid		(994)		(1,106)	
Other cash payments		(538)		(781)	
Net cash outflow from operating activities	17		(417)		(531)
Investing activities					
Purchase of investments	9	(1,586)		(7,834)	
Sale of investments	9	5,790		11,817	
			4,204		3,983
Equity dividends					
Dividends paid	7		(2,926)		(2,378)
Net cash inflow before liquid resource management and financing			861		1,074
Management of liquid resources					
Decrease/(increase) in current investments	18		59		(404)
Financing					
Share capital raised		3,945		3,309	
Share capital bought back		(4,983)		(3,678)	
			(1,038)		(369)
Net (decrease)/increase in cash	18		(118)		301

The notes on pages 39 to 54 form part of these financial statements.

Notes to the Accounts
for the year ended 30 September 2012

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 accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("the SORP") issued by the Association of Investment Companies in January 2009.

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", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in September 2009. 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:

All unquoted 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 objective evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

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 the management fee expense, together with the related tax effect to this reserve in accordance with the policies.

(ii) Revaluation reserve (Unrealised capital 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 revaluation and realised capital reserves are shown within the Income Statement for the year.

(iii) Special distributable 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. IFA trail commission is expensed in the period in which it is incurred.

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 substantially 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) Liquid resources

Liquid resources are the current investments disclosed in note 12, regarded as available for investment, rather than to meet the Company's running expenses, as at the year-end.

2 Income

	2012 £'000	2011 £'000
Interest receivable		
– from bank deposits	–	–
	–	–
Income from investments		
– from equities	964	906
– from loan stocks	110	106
– from money-market funds and Unicorn managed OEICs	63	91
	1,137	1,103
Total income	1,137	1,103
Total income comprises		
Dividends	1,027	997
Interest	110	106
Other income	–	–
	1,137	1,103
Income from investments comprises		
Listed UK securities	338	222
Listed Overseas securities	4	6
Aim and unlisted UK securities	795	875
	1,137	1,103

3 Investment Manager's fees

	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
Unicorn Asset Management Limited	249	746	995	276	829	1,105

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 VCT is calculated and payable quarterly in advance. In the year ended 30 September 2012, UAML also earned fees of £98,000 (2011: £124,000), being OEIC management fees calculated on the value of the VCT's holdings in each OEIC on a daily basis. This management fee is 1.25% per annum of the OEIC value for each of Unicorn Smaller Companies OEIC, Unicorn Free Spirit OEIC, Unicorn Mastertrust OEIC and Unicorn UK Income OEIC (fully disposed of in January 2012), with 1% per annum charged on the value of Unicorn Outstanding British Companies OEIC (fully disposed of in November 2011).

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. Any amount repayable will be paid by the Manager within 5 business days of the approval of the annual accounts for the relevant year-end, or set off against the next quarterly fee instalment payable to the Manager following such approval. There was no excess of expenses for this year or the prior year.

Under an Amended Incentive Agreement with UAML dated 12 April 2010 (which replaces all previous incentive agreements), 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 125p 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 return 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 2012 and none was paid for the year ended 30 September 2011.

Notes to the Accounts
for the year ended 30 September 2012

4 Other expenses

	2012 £'000	2011 £'000
Directors' remuneration (including NIC)	92	91
IFA trail commission	71	136
Administration services	173	172
Broker's fees	14	14
Custody fees	6	9
Auditors' fees – audit	22	21
– taxation services (note)	7	1
– other services (note)	3	3
Tax monitoring fees	11	2
Professional fees	1	–
Directors' insurance	12	15
Registrar's fees	25	20
Printing	36	23
Sundry	28	32
	501	539

The Directors consider the auditor was 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

	2012 £'000	2011 £'000
Directors' emoluments		
Peter Dicks	20	20
Jocelin Harris	17.5	17.5
James Grossman	15	15
Malcolm Diamond	15	15
Jeremy Hamer	17.5	17.5
	85	85
Employer's NIC and VAT	7	6
	92	91

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

The Company has no employees.

6 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2012 £	2011 £
Current and total tax charge (note 6b)	–	–

b) Factors affecting tax charge for the year

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	2,062	1,410
Profit on ordinary activities multiplied by standard small profits rate of corporation tax in the UK of 20.0% (2011: 20.5%)	412	289
Non-taxable UK dividend income	(193)	(203)
Non-taxable unrealised gains	(411)	(160)
Non-taxable realised gains	(73)	(240)
Allowable expense not charged to revenue	149	170
Disallowable expenses	–	2
Losses carried forward	116	142
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(149)	(170)
Additional losses carried forward to future years	149	170
Actual current charge – capital	–	–
Current 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 deferred tax amount not recognised is £2,143,000 (30 September 2011: £1,878,000).

Notes to the Accounts
for the year ended 30 September 2012

7 Dividends

	2012 £'000	2011 £'000
Amounts recognised as distributions to equity holders in the year:		
Ordinary Share		
Final capital dividend of 4.25p per share for the year ended 30 September 2011 paid on 10 February 2012	2,486	–
Final income dividend of 0.75p per share for the year ended 30 September 2011 paid on 10 February 2012	440	–
Final capital dividend of 4p per share for the year ended 30 September 2010 paid on 14 January 2011	–	2,378
	2,926	2,378

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.

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

	2012 £'000	2011 £'000
Revenue available for distribution by way of dividends for the year	387	288
Proposed final income dividend of 0.5p (2011: 0.75p) for the year ended 30 September 2012	287	439

8 Basic and diluted earnings and return per share

	2012 £'000	2011 £'000
Total earnings after taxation:	2,062	1,410
Basic and diluted earnings per share (note a)	**3.54p**	**2.37p**
Net revenue from ordinary activities after taxation	387	288
Revenue earnings per share (note b)	**0.66p**	**0.48p**
Net unrealised capital gains	2,057	781
Net realised capital gains	364	1,170
Capital expenses	(746)	(829)
Total capital return	1,675	1,122
Capital earnings per share (note c)	**2.88p**	**1.89p**
Weighted average number of shares in issue in the year	58,206,100	59,414,982

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

9 Investments at fair value

	Fully Listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted Loan stock £'000	Unicorn OEIC funds £'000	Total £'000
Book cost at 30 September 2011	6,656	40,974	3,162	1,500	6,763	59,055
Unrealised (losses)/gains at 30 September 2011	(217)	1,427	(896)	(100)	2,471	2,685
Permanent impairment in value of investments	–	(15)	(2,162)	–	–	(2,177)
Valuation at 30 September 2011	6,439	42,386	104	1,400	9,234	59,563
Purchases at cost	315	1,021	–	250	9	1,595
Sale proceeds	(568)	(3,369)	–	–	(1,853)	(5,790)
Realised gains	20	330	–	–	31	381
Unrealised gains	29	1,512	37	–	479	2,057
Closing valuation at 30 September 2012	6,235	41,880	141	1,650	7,900	57,806
Book cost at 30 September 2012	6,432	39,438	2,662	1,750	5,340	55,622
Unrealised (losses)/gains at 30 September 2012	(197)	2,442	(845)	(100)	2,560	3,860
Permanent impairment in value of investments (see note) –	–	–	(1,676)	–	–	(1,676)
Closing valuation at 30 September 2012	6,235	41,880	141	1,650	7,900	57,806

Transaction costs on the purchase and disposal of investments of £17,000 were incurred in the year. These are excluded from realised gains shown above of £381,000, but were included in arriving at gains on realisation of investments disclosed in the Income Statement of £364,000.

Note: Unlisted ordinary shares now permanently impaired of £1,676,000 (2011: £2,162,000) 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.

Reconciliation of cash movements in investment transactions

The difference between investment purchases per the cash flow statement and the investment note above is £9,000. This is explained by the dividend from OEIC Outstanding British Companies, received as an increase in the value of the units of £9,000.

Notes to the Accounts
for the year ended 30 September 2012

10 Significant interests
At 30 September 2012 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
Anpario plc (formerly Kiotech International plc)	1,766	–	1,766	12.13%
HML Holdings plc	446	–	446	10.27%
Green Compliance plc	2,100	250	2,350	9.70%
Access Intelligence Plc	1,467	750	2,217	9.40%
Tangent Communications plc	618	–	618	8.90%
SnackTime plc	2,102	550	2,652	8.52%
Crawshaw Group plc	539	–	539	8.47%
PHSC plc	153	–	153	8.12%
Tracsis plc	838	–	838	7.55%
Avingtrans plc	997	–	997	6.38%
Animalcare Group plc (formerly Ritchie plc)	1,476	–	1,476	6.04%
Datong Electronics plc	784	–	784	5.65%
Mattioli Woods plc	1,682	–	1,682	5.54%
Vindon Healthcare plc	475	–	475	5.35%
Hasgrove plc	975	–	975	5.32%
Maxima Holdings Plc	2,252	–	2,252	5.16%
Omega Diagnostics plc	518	–	518	5.01%
Surgical Innovations plc	358	–	358	4.99%
Instem plc	985	–	985	4.79%
Vitesse Media plc	160	–	160	4.21%
Accumuli plc	400	–	400	4.14%
EG Solutions plc	406	–	406	4.12%
Pressure Technologies plc	980	–	980	4.11%
Tristel plc	878	–	878	4.09%
Driver Group plc	553	–	553	3.90%
Dillistone Group plc	302	–	302	3.59%
Sanderson Group plc	770	–	770	3.54%
Cohort plc	1,415	–	1,415	3.21%
Augean plc	1,576	–	1,576	3.18%

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

At 30 September 2012, the Company held 68.2% of the B shares issued by Unicorn Smaller Companies Fund, 39.3% of the Unicorn Mastertrust Fund, and 23.7% of the B shares issued by the Unicorn Free Spirit Fund at the year-end. Unicorn Smaller Companies Fund, Unicorn Mastertrust Fund, and Unicorn Free Spirit Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

As the overall shareholding in the Unicorn Investment Funds ICVC is less than 50% and the Company does not exert control over the individual sub funds, no consolidated accounts have been prepared.

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represents investments in associated undertakings.

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 14 - 19 of this Report.

11 Debtors

	2012 £'000	2011 £'000
Amounts due within one year:		
Other debtors	–	3
Prepayments and accrued income	183	174
	183	177

12 Current investments

These comprise investments in two Dublin based OEIC money market funds, managed by Royal Bank of Scotland and Blackrock Investment Management UK Limited and one UK based OEIC, managed by Federated Prime Rate Capital Management. All of these funds of £720,000 (30 September 2011: £779,000) are subject to same day access. These sums are regarded as monies held as readily disposable stores of value.

13 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	51	500
Other creditors	52	6
Accruals	141	216
	244	722

14 Called up share capital

	2012 £'000	2011 £'000
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 57,646,506 (2011: 58,492,674)	576	585

The Company made purchases of 820,975 (a total of £8,000 nominal value) of its own Ordinary Shares for cash at prevailing prices for a total cost of £601,835.

Also during the year, 4,115,220 shares were repurchased for £3,866,249 (93.95p per share) and, immediately following this, 4,090,027 shares were allotted raising £3,901,376 (95.39p per share). Of this allotment, 105,767 were new shares arising from the Top Up Offer for Subscription, which raised net funds of £103,850.

Notes to the Accounts
for the year ended 30 September 2012

15 Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve £'000	Special distributable reserve* £'000	Profit and loss account* £'000	Total £'000
At 1 October 2011	585	283	28,422	2,685	18,838	9,634	60,447
Shares repurchased for cancellation	(49)	49	–	–	(4,487)	–	(4,487)
Shares issued under Offer for Subscription	40	–	4,067	–	–	–	4,107
Expenses of share issue (see note)	–	–	(158)	–	(48)	–	(206)
Transfer realised losses to special distributable reserve	–	–	–	–	(1,363)	1,363	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	364	364
Realisation of previously unrealised appreciation	–	–	–	(882)	–	882	–
Net increases in unrealised valuations in the year	–	–	–	2,057	–	–	2,057
Dividends paid	–	–	–	–	–	(2,926)	(2,926)
Loss for the year	–	–	–	–	–	(359)	(359)
At 30 September 2012	576	332	32,331	3,860	12,940	8,958	58,997

* Included within these reserves is an amount of £21,898,000 (2011: £28,472,000) which is considered distributable.

The Special reserve has been treated as distributable in determining the amounts available for distribution.

The purpose of this 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, 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 £1,363,000 to the special distributable reserve from the profit and loss account is the total of realised losses incurred by the Company in the year.

The profit for the year is £2,062,000 as shown in the Income Statement, from which the increase in unrealised valuations of £2,057,000 and gains on disposal of investments of £364,000 above have been deducted, to arrive at the loss of £359,000.

Note: The expenses of the Enhanced Buyback Facility and Top Up Offer of £206,000 were firstly, £135,000 being the commission rebate of 3.5% upon the sum subscribed by shareholders under the Enhanced Buyback Facility, secondly, £2,000 of commission on new funds raised, and finally, third party costs of the facility and Top Up Offer of £69,000. All of these costs were charged to the Company but borne by those shareholders who participated in the Enhanced Buyback Facility and the Top Up Offer. No fees were charged by the Manager. The amount relating to shares issued (net of expenses) above, of £3,901,000, differs from that shown in the cash flow statement of £3,945,000. The difference of £44,000 relates to amounts payable to reimburse the Manager for Offer costs funded by the Manager, which, as explained above, were wholly borne by those shareholders who participated in the Enhanced Buyback Facility.

16 Net asset value

	2012 £'000	2011 £'000
Net Assets	58,997	60,447
Number of shares in issue	57,646,506	58,492,674
Net asset value per share	**102.34p**	**103.34p**

17 Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	2,062	1,410
Net unrealised gains on investments	(2,057)	(781)
Net gains on realisation of investments	(364)	(1,170)
Transaction costs	(17)	(167)
(Increase)/Decrease in debtors and prepayments	(14)	297
Decrease in creditors and accruals	(27)	(120)
Net cash outflow from operating activities	(417)	(531)

18 Analysis of changes in net funds

	Cash £'000	Liquid resources £'000	Total £'000
At 30 September 2011	650	779	1,429
Cash flows	(118)	(59)	(177)
At 30 September 2012	532	720	1,252

19 Financial instruments

The Company's financial instruments comprise:

- Equity, non-equity shares, OEICs and loan stocks that are held in accordance with the Company's investment objective as set out in the Investment Manager's Review.
- Cash, liquid resources 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.

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2012:

	2012 (Book Value) £'000	2012 (Fair Value) £'000	2011 (Book Value) £'000	2011 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment Portfolio	57,806	57,806	59,563	59,563
Current investments	720	720	779	779
Loans and receivables				
Accrued income	165	165	151	151
Other debtors	–	–	3	3
Cash at bank	532	532	650	650
Liabilities at amortised cost or equivalent				
Other creditors	(244)	(244)	(722)	(722)
Total for financial instruments	58,979	58,979	60,424	60,424
Non-financial instruments	18	18	23	23
Total net assets	58,997	58,997	60,447	60,447

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. Current investments are Dublin and UK based OEIC money market funds, discussed under credit risk management below.

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 (71% of net assets), or within the OEIC funds managed by UAML (13% of net assets), unquoted investments (3% of net assets) and fully listed shares (11% 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.

Notes to the Accounts

for the year ended 30 September 2012

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 current investments (money-market funds).

The Company's maximum exposure to credit risks at 30 September 2012 was:

	2012 £'000	2011 £'000
Loan stock investments	1,650	1,400
Money market funds	720	779
Accrued income and other debtors	165	151
Cash at bank	532	650
	3,067	2,980

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

	2012 £'000	2011 £'000
Repayable or converting within		
0 to 1 year	–	–
1 to 2 years	1,400	–
2 to 3 years	250	1,400
3 to 4 years	–	–
4 to 5 years	–	–
Total	1,650	1,400

Liquidity Risk: The Company's investments in the equity, non-equity stocks 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.

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 are in 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.

Management of risk

Market Price Risk: At formal meetings held at least quarterly, and throughout the year, the Board reviews the Investment Manager'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 three OEICS managed by UAML are diversified across a number of holdings with 72% invested in fully listed companies, and as such, are exposed to overall market risk.

As at 30 September 2012, the Unicorn Free Spirit Fund's portfolio contains stocks where 46% by value is in AIM listed stocks, and 49% is in fully listed stocks with average market capitalisation of £1,201 million; the Unicorn UK Smaller Companies Fund contains 20% by value on AIM and 76% in fully listed stocks with average market capitalisation of £213 million; the Mastertrust Fund contains 2% in AIM and 92% in fully listed stocks with average market capitalisation of £220 million.

Liquidity risk: Besides the maintenance of a spread of investments within the Investment portfolio, the Company maintains liquidity by holding adequate levels of cash and OEIC 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. These money market funds are triple A rated funds, which themselves hold a wide range of high credit grade instruments issued by many counter-parties and so the Company's credit risk exposure in respect of these is considered to be low. Exposure to these funds is monitored by the Board.

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, and mainly affects the return on the Company's liquid balances held in the OEIC money market funds. 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 2012 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	48,256	–	–	48,256	N/A	N/A
Unicorn OEICs	7,900	–	–	7,900	N/A	N/A
Loan stocks	–	1,650	–	1,650	8.06	1.74
Money market funds	–	–	720	720	0.41	–
Cash	–	–	532	532		
Debtors	165	–	–	165		
Creditors	(244)	–	–	(244)		
Total for financial instruments	56,077	1,650	1,252	58,979		
Other non financial assets	18	–	–	18		
Total net assets	**56,095**	**1,650**	**1,252**	**58,997**		

The interest rate profile of the Company's financial net assets at 30 September 2011 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	48,929	–	–	48,929	N/A	N/A
Unicorn OEICs	9,234	–	–	9,234	N/A	N/A
Loan stocks	–	1,400	–	1,400	7.36	2.54
Money market funds	–	–	779	779	0.65	–
Cash	–	–	650	650		
Debtors	154	–	–	154		
Creditors	(722)	–	–	(722)		
Total for financial instruments	57,595	1,400	1,429	60,424		
Other non financial assets	23	–	–	23		
Total net assets	**57,618**	**1,400**	**1,429**	**60,447**		

Floating rate cash earns interest related to LIBOR rates.

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 £ denominated investments in small companies. 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

Notes to the Accounts
for the year ended 30 September 2012

For this purpose the investments in the OEICS managed by UAM are also included in this analysis. The Key Data sheet disclosed at the front of this Annual Report gives shareholders further analysis in percentages of each Fund's investments by asset class and market sector, and page 3 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. However, shareholders should note that this level of correlation would not be the case in reality.

	2012 £'000 Profit and net assets	2011 £'000 Profit and net assets
If overall share prices fell by 20% (2011: 20%), with all other variables held constant – decrease	(11,561)	(11,913)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(20.06)p	(20.37)p
If overall share prices increase by 20% (2011: 20%), with all other variables held constant – increase	11,561	11,913
Increase in earnings, and net asset value, per Ordinary share (in pence)	20.06p	20.37p
If interest rates were 1% lower (2011: 1%), with all other variables held constant – decrease	(10)	(11)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(0.02)p	(0.02)p
If interest rates were 1% higher (2011: 1%), with all other variables held constant – increase	10	11
Increase in earnings, and net asset value, per Ordinary share (in pence)	0.02p	0.02p

Fair value hierarchy

The table below sets out fair value measurements using FRS29 fair value hierarchy, and shows the company's classes of assets being at fair value through profit and loss.

Financial assets at fair value through profit and loss At 30 September 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	48,115	–	141	48,256
Loan stock investments	–	–	1,650	1,650
Open ended Investment Companies	7,900	–	–	7,900
Money market funds	720	–	–	720
Total	56,735	–	1,791	58,526

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.

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 on below:

	Equity investments £'000	Preference shares £'000	Loan stock investments £'000	Total £'000
Opening balance at 1 October 2011	104	–	1,400	1,504
Purchases	–	–	250	250
Sales	–	–	–	–
Total gains included in gains on investments in the income Statement:				
– on assets held at the year end	37	–	–	37
Closing balance at 30 September 2012	141	–	1,650	1,791

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 obtained a stock exchange listing during the year, having previously been unquoted. There have been no such transfers in the year.

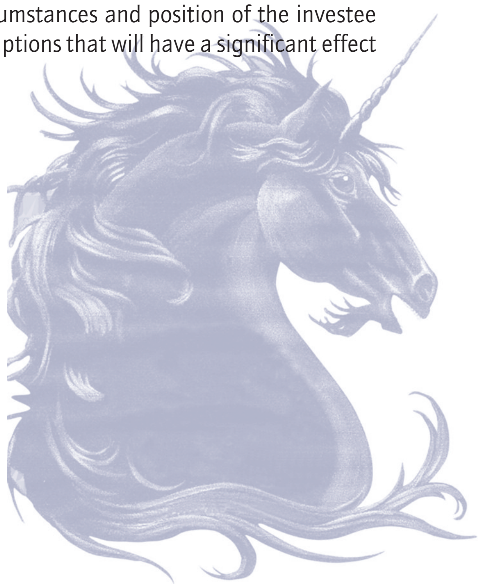
As detailed in the accounting policies note, where investments are valued on an earnings multiple basis, the main input used for this basis of valuation is a suitable price-earnings ratio taken from a comparable sector on the quoted market. These ratios are correlated to the share prices and so any change in share prices will have a significant effect on the fair value measurements of the investments classified as Level 3 investments.

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

	30 September 2012 £'000	30 September 2011 £'000
Investment methodology		
Cost (reviewed for impairment)	1,791	1,400
Asset value supporting security held	–	–
Recent investment price (based upon a proposed tender offer)	–	104
Earnings multiple	–	–
Realisation proceeds	–	–
	1,791	1,504

The valuation methodology chosen is the most appropriate for that investment, with regard to the September 2009 IPEVCV guidelines. There are no other possible methods of valuation which would be reasonable as at 30 September 2012. Of the £1,791,000 above, £141,000 represents a change of methodology from recent investment price (based upon a proposed tender offer) to cost (reviewed for impairment) as this was deemed a more appropriate basis of valuation.

FRS 29 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The directors are of the view that there are no reasonably possible alternative assumptions that will have a significant effect on the current valuation of the portfolio.



Notes to the Accounts
for the year ended 30 September 2012

20 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 maximising the stream of dividend distributions from the income and capital gains generated by the portfolio.

Under VCT tax legislation, at least 70% of the Company's cash and investment assets (in practice the net assets) must at all times be invested in small UK companies. 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 relatively little 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. It is however open to the Board to issue new shares or undertake borrowings if particularly promising opportunities are available to the Investment Manager.

21 Related party transactions

Under the terms of the previous agreement dated 1 October 2001, and the amended agreement dated 9 March 2010, the Company has appointed UAML to be the Investment Manager. The fee arrangements for these services and the fees payable are set out in note 3.

At the year-end, UAML was owed £44,000 by the Company for funding some of the costs of the EBB and Top Up Offer incurred in the year. UAML has not charged any fees for their involvement in the EBB and Top Up Offer. In the previous year, UAML had received a fee of £188,000 for acting as promoter to the company, for that year's fundraising.

22 Segmental analysis

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

23 Commitments

At the year end, the Company had made no further commitments to invest.

24 Post balance sheet events

On 5 November 2012, £800,000 was invested in new qualifying shares in Tangent Communications plc.

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.

Net asset value per share

The Company's NAV per share as at 30 November 2012 was 102.78 pence. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 5 pence per share. The dividend will be paid on 8 February 2013 to Shareholders on the Register on 11 January 2013.

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 Registrars on 0871 664 0300, (lines are open 8.30 am – 5.30 pm Mon – Fri, calls cost 10p per minute plus network extras - if calling from overseas please ring +44 208 639 2157) or by writing to them at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Alternatively you may visit their website, www.capitaregistrars.com/shareholders.

Financial calendar

January 2013	Annual Report for the year ended 30 September 2012 to be circulated to Shareholders
11 January 2013	Record date for Shareholders to be eligible for final dividend
7 February 2013	Annual General Meeting
8 February 2013	Payment date for final dividend subject to shareholder approval at the Annual General Meeting
May 2013	Preliminary announcement of Half-Yearly Results
June 2013	Half-Yearly Report for the six months ended 31 March 2013 to be circulated to Shareholders
30 September 2013	Year-end
December 2013	Preliminary announcement of final results for the year ended 30 September 2013

Annual General Meeting

The eleventh Annual General Meeting (AGM) of the Company will be held on Thursday, 7 February 2013 at 10.00am at the offices of Mobeus Equity Partners LLP, 30 Haymarket, London, SW1Y 4EX. Shareholders may arrive 15 minutes before the AGM starts when tea and coffee 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 56 - 59 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 Registrars at the address given on the Form, to arrive no later than 10.00am on 5 February 2013.

Shareholder enquiries:

For general Shareholder enquiries, please contact Robert Brittain of Mobeus Equity Partners LLP (the Company Secretary) on 020 7024 7600 or by e-mail on unicorn@mobeusequity.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.

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

Change of Address

To notify the Company of a change of address please contact the Company's Registrars at the address on page 61.

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 Registrars, 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 eleventh Annual General Meeting of Unicorn AIM VCT plc ("the Company") will be held at 10.00am on Thursday, 7 February 2013 at the offices of Mobeus Equity Partners LLP, 30 Haymarket, London SW1Y 4EX for the purposes of considering the following resolutions of which resolutions 1 to 9 and 12, will be proposed as ordinary resolutions and resolutions 10 and 11 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 2012 ("**Annual Report**"), together with the Directors' Report and auditor's report thereon.

2. To approve the directors' remuneration report as set out in the Annual Report.

3. To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as auditors to the Company until the conclusion of the next annual general meeting.

4. To authorise the directors to determine PKF (UK) LLP's remuneration as auditors of the Company.

5. To re-elect Peter Dicks as a director of the Company.

6. To re-elect James Grossman as a Director of the Company.

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

8. To approve the payment of a final dividend in respect of the year ended 30 September 2012 of 5.0 pence per ordinary share of 1 pence each, payable on 8 February 2013 to shareholders on the register on 11 January 2013.

9. 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 1 pence 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 £286,983 (being approximately 50% of the issued share capital of the Company as at the date hereof), provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in 2014 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.

10. That, in substitution for any existing authorities, the directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash, pursuant to the authority given pursuant to resolution 9 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 expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in 2014, and provided further that this power shall be limited to the allotment and issue of equity securities up to an aggregate nominal value of £286,983, where the proceeds of the allotment may be used in whole or in part to purchase the Company's shares in the market.

11. That, in substitution for any existing authorities, the Company be and hereby is empowered 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 8,035,510 (representing approximately 14.99 per cent. of the Company's issued share capital at the date hereof);

    (ii) the minimum price which may be paid for a Share is 1 pence (the nominal value thereof);

    (iii) the maximum price which may be paid for a Share is an amount equal to 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 contracted 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 conclusion of the annual general meeting of the Company to be held in 2013; and

(iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the conclusion of the annual general meeting of the Company to be held in 2014; and

(v) the Company may make offers or agreements to purchase its own Shares under the authority conferred by this resolution 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.

Ordinary resolution

12. That, the Company be and hereby is generally and unconditionally authorised to use electronic communications with its shareholders and in particular to authorise the Company to send or supply documents or information to shareholders by making them available to view on a website:-

BY ORDER OF THE BOARD

Mobeus Equity Partners LLP
Company Secretary

Registered Office
30 Haymarket
London SW1Y 4EX

19 December 2012

NOTES:

(i) To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), a person must be registered in the Register of Members of the Company at 6.00 pm on 5 February 2013 (or, in the event of any adjournment, the time and date which is two days before the time 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 alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (lines are open between 8.30 am and 5.30 pm Monday to Friday, calls cost 10p per minute (including VAT) plus network extras – if calling from overseas please dial +44 208 639 3399 (international rates will apply)) to request additional copies of the proxy form. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons Capita Registrars 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 envelopenumber 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 1 to 3 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 Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 10.00am on 5 February 2013 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

(viii) If you prefer, you may return the proxy form to the Registrar in an envelope addressed to FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

(ix) 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.

(x) 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.

(xi) 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 10.00am on 5 February 2013. 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.

(xii) 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.

(xiii) As at 19 December 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 57,396,506 Shares. Each share carries one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at 19 December 2012 was 57,396,506.

(xiv) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at 6.00 pm on 5 February 2013 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after 6.00 pm on 5 February 2013 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(xv) The Register of Directors' Interests and 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 agreements with Jeremy Hamer's and Malcolm Diamond's consultancy businesses will also be available for inspection.

(xvi) If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

(xvii) Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 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.com 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 2006 Act, regarding the meeting is available on the Company's website, www.unicornaimvct.com.

Corporate Information

Directors
Peter Dicks (Chairman)
Malcolm Diamond
James Grossman
Jeremy Hamer
Jocelin Harris

All of whom are non-executive and of:
30 Haymarket
London SW1Y 4EX

Secretary & Administrator
Mobeus Equity Partners LLP (formerly Matrix Private Equity Partners LLP)
30 Haymarket
London SW1Y 4EX

Company Registration Number : 04266437

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

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

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

Auditor
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Custodian
BNY Mellon
One Canada Square
London
E14 5AL

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

Registrar
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

Also At
One America Square
Crosswall
London EC3N 2SG

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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