# Annual Report and Financial Statements

for the year ended 30 September 2020

UNICORN AIM VCT PLC

# Contents

# Financial Highlights

for the year ended 30 September 2020

- Net asset value ("NAV") total return for the year ended 30 September 2020, after adding back dividends of 6.5p paid in the year, rose by 20.3%
- Final dividend of 3.5p proposed for the financial year ended 30 September 2020
- Offer for Subscription raised £24.2 million (after costs)

# Fund Performance

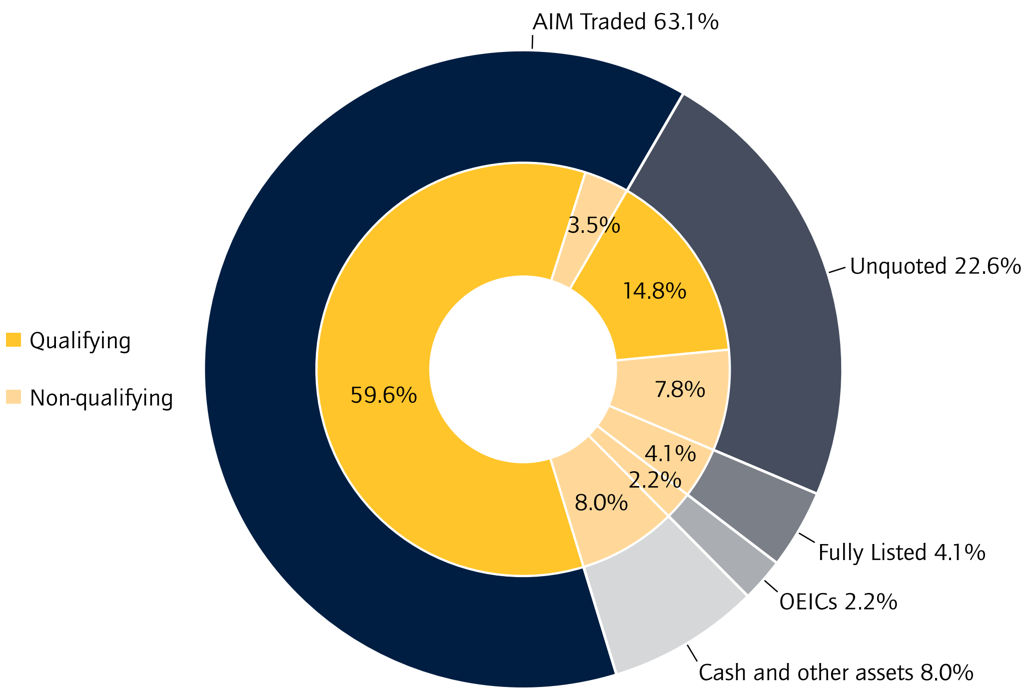
| Ordinary Shares | Shareholders' Funds* (£m) | Net asset value per share (NAV) (p) | Cumulative dividends† paid per share (p)# | Net asset value plus cumulative dividends paid per share (p)# | Share price (p) |
|---|---|---|---|---|---|
| **30 September 2020** | **260.2** | **178.6** | **61.0** | **239.6** | **142.5** |
| 31 March 2020 | 167.0 | 128.4 | 58.0 | 186.4 | 116.5 |
| 30 September 2019 | 201.1 | 153.9 | 54.5 | 208.4 | 137.0 |
| 31 March 2019 | 178.3 | 144.4 | 51.5 | 195.9 | 129.0 |

* Shareholders' funds/net assets as shown on the Statement of Financial Position on page 51.

† The Board has recommended a final dividend of 3.5p per share for the year ended 30 September 2020 bringing total dividends for the year to 6.5p per share, unchanged from the previous year. If approved by Shareholders, this payment will bring total dividends paid since the merger with Unicorn AIM VCT II plc on 9 March 2010 to 64.5p.

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

## Percentage of Assets Held as at 30 September 2020




Valuation based on fair value

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

The Investment Manager's Review on pages 5 to 8 includes a comprehensive analysis of the development of the business during the financial year and the position of the Company's main investments at the end of the year.

# Chairman's Statement

I am pleased to present the Company's Annual Report and Audited Financial Statements for the year ended 30 September 2020.

### Introduction

This is my first Annual Report since taking over the Chair following the Annual General Meeting (AGM) in January 2020. At the time of the AGM, the global economy was functioning in a relatively normal fashion, albeit the emergence of a Coronavirus ("Covid-19") was just beginning to be discussed as a possible threat to health. Within a very short space of time however, any expectation of 2020 being considered a 'normal' year had been abandoned. As we all now fully appreciate, the Covid-19 pandemic has had a dramatic impact on all countries around the world. Your Board, alongside every other business, has had to respond and adapt to the new environment. The Company's key service providers, including the Company Secretary and the Investment Manager, have successfully adapted to remote working. The adoption of video-conferencing technology has helped us to successfully conduct scheduled Board Meetings. As a consequence of these changes, all important aspects of the day to day running of the Company continue to function as normal.

While a more detailed analysis of performance is contained within the Investment Manager's Review, I am delighted to report that the Company has enjoyed an exceptionally strong year in terms of both absolute and relative performance as shown in the Investment Performance Review section below.

### Economic & Market Review

The year under review has been remarkable in so many respects. The period commenced in fairly standard fashion, dominated by the usual concerns surrounding political division and economic uncertainty. By the time of the Company's AGM in January however, the world had started to change dramatically. Clearly, the effects of what rapidly developed into a worldwide pandemic have been enormous and are now much more clearly understood. Restrictions on social and economic activity have inevitably had a major impact on economies, on businesses and, most important, on people around the world. Many governments have sought to mitigate these effects by introducing unprecedented levels of financial support to businesses and individuals. In the UK, these measures have provided much needed protection to some of the hardest hit sectors of the economy.

As far as the performance of equity markets was concerned, the initial response by investors to the pandemic was distinctly negative, resulting in a rapid and steep decline in the value of indices world-wide. For example, by the time your Company reached the half way point of its financial year at 31 March 2020, the FTSE AIM All-Share Index had fallen by 21.3% on a total return basis. Equity markets soon began a sustained recovery however, as global asset allocators generally began to reduce exposure to bonds and direct property investment, while increasing their allocation to equities. In addition, it became evident that businesses operating in certain sectors, including technology and life sciences, were likely to benefit from the pandemic, which, helped to further fuel the rally in global equity markets.

By the end of the financial year, the FTSE AIM All-Share Index had recovered all of the losses incurred during the main sell-off in March.

The upturn in equity markets was driven by a number of key sectors, to which the Company is fortunate to have good exposure, most notably: financial services, healthcare, life-sciences, technology and computer gaming businesses. On the other hand, those businesses dependent on consumer spending, especially those in the retail, hospitality and leisure sectors, suffered great hardship, mainly because their ability to generate revenues was severely curtailed as a consequence of the imposition of national lockdown measures. It is therefore of some small comfort that the Company has limited exposure to the most vulnerable sectors of the economy. Inevitably however, the investments made in businesses that operate in these areas have performed poorly.

Economic and market prospects over the course of the next few months are likely to remain highly unpredictable given the obvious risks, which include: the economic fallout from the re-introduction of lockdown restrictions, the consequences of the outcome from the BREXIT negotiations, and the potential consequences for UK/US trade following the recent presidential election in North America.

### Investment Performance Review

Despite the social and economic disruption, the investment portfolio during the year ended 30 September 2020 has performed well. In absolute terms, Net Asset Value per share rose from 153.9 pence to 178.6 pence during the course of the financial year. After adding back the 6.5 pence per share of dividends paid during the year, this represents a positive total return of 20.3%. In relative terms, the total return of the Company out-performed that of the FTSE AIM All-Share Index by 9.3% and significantly outshone the negative total return of 18.1% generated by the FTSE 100 Index over the same period.

Given that the year under review was an extremely challenging one for all businesses, it is unsurprising that the NAV of the Company was more than usually volatile. Over the course of the financial year, NAV per share fluctuated significantly. Having started the financial year at 153.9 pence per share, NAV rose steadily to 173.6 pence per share on 31 December 2019. By 31 March 2020, the NAV had fallen to 128.4 pence. In the following six months, the Company's NAV recovered strongly to end the financial year at an all-time high of 178.6 pence per share.

Although, the financial year under review has been incredibly challenging, such difficult periods underline the benefits of a long term approach to investment. This is especially true when applied to investment in venture capital funds. Over the nineteen years since launch, the Investment Manager has constructed a diverse portfolio of investments in businesses operating across a variety of sectors and at different stages of development. Many of these investee companies are relatively mature and have developed to the extent that they have become substantial in size. The core portfolio of VCT qualifying investments is made up of meaningful stakes held in relatively mature businesses that, in normal circumstances, would be expected to be profitable, cash generative, dividend paying and debt free. Despite the headwinds encountered during 2020, most of these businesses are therefore well-positioned to survive the tough times currently being experienced and, in time, ought to return to strong growth.

The level of dividend income received from investee companies has sadly, but inevitably, declined. During the year under review, dividends were paid, or proposed, by 37.9% of the companies held in the portfolio and total dividend income received amounted to £1.4 million. This figure represents a decline of 41.7% or £1.0 million when compared to the dividend income received in the previous financial year. In view of the changes to VCT legislation made in recent years, it is also no longer realistic to expect businesses, in which the Investment Manager now invests, to be mature enough initially to pay dividends; nor should they be expected to for a number of years.

In terms of liquidity and stock specific risk, the portfolio continues to be prudently managed. All of the investee companies in the top fifteen by value have a market capitalisation in excess of £65 million, while the largest is capitalised at more than £2 billion. The largest single holding accounts for around 11.6% of total net assets, while only 2 of the top fifteen investments are in unquoted companies and therefore categorised as being illiquid.

At the financial year end, the investment portfolio consisted of 74 active VCT qualifying companies and 20 non-qualifying companies.

### Unquoted Investments

As you may have noted, the strong increase in NAV during the year was helped by the outstanding performance of two of our unquoted holdings, Interactive Investor and Hasgrove. As an AIM-focused VCT we are conscious that this has increased our unquoted holdings to over 20% of NAV. Valuation of unquoted securities is initially proposed by the Investment Manager and is subject to review and final approval by the Board. It is inevitably more subjective than when there is a market quote to refer to and because the valuation exercise involves a great deal of work by all concerned it is only carried out at the end of each quarter as is the case with other VCTs. While we continue to announce an updated valuation each month end based on closing quoted market prices, the full portfolio valuations at the quarter ends are disproportionally impacted by the changes in the unquoted valuations. Our policy is only to adjust the valuation of an unquoted holding at an intervening month end if it has been the subject of an announcement of a significant event or corporate action since the previous quarter end. We are of course delighted with the progress made by Interactive Investor and Hasgrove and hope that at some point the management teams at both may consider a flotation on the AIM market but in the meantime the Board feels it is important that all Shareholders understand how valuation of these two holdings and other unquoted investments are dealt with. The valuation process is described on page 41.

### Net Assets

As at 30 September 2020, the audited net assets of the Company were £260.2 million, as compared to £201.1 million at the start of October 2019. Total net assets rose substantially in the year, partly due to the support received from new and existing Shareholders in the Offer for Subscription which raised £24.2 million, and partly because of strong share price performance delivered by a number of companies held within the portfolio.

### Portfolio Activity

During the year, 3 new VCT qualifying investments were made, at a total cost of £4.2 million. In addition, £2.7 million of VCT qualifying capital was allocated across 8 of the existing investee companies, in order to support their further planned growth.

A number of full and partial disposals were made during the course of the financial year. Total proceeds from disposals of qualifying investments amounted to £4.7 million, realising an overall capital loss of £1.2 million. The Investment Manager also made a number of full and partial disposals of non-qualifying investments during the year. The total amount realised from these transactions was £6.1 million and the overall capital gain realised amounted in aggregate to £0.1 million.

The portfolio generated unrealised gains of £50.5 million in the year under review.

A more detailed analysis of investment activity and performance can be found in the Investment Manager's Review on pages 5 to 8.

### Dividends

An interim dividend of 3.0 pence per share, for the half year ended 31 March 2020, was paid to Shareholders on 12 August 2020.

The Board is recommending a final dividend for the financial year ended 30 September 2020 of 3.5 pence per share (income: 0.0 pence; capital: 3.5 pence), payable on 11 February 2021 to Shareholders on the register as at 8 January 2021.

Subject to receiving Shareholders' approval for payment of the proposed final dividend, total dividends in respect of the financial year ended 30 September 2020, will be 6.5 pence per share. This represents a tax free yield to eligible UK Shareholders of 3.6% based on the year-end Net Asset Value of 178.6 pence per share and 4.6% based on a share price of 142.5 pence per share as at 30 September 2020.

# Chairman's Statement (continued)

### Share Buybacks & Share Issues

The Board continues to believe that it is in the best interests of the Company and its Shareholders to make market purchases of its shares from time to time. During the period from 1 October 2019 to 30 September 2020, the Company bought back 3,072,006 of its own Ordinary Shares for cancellation, at an average price of 135.0 pence per share including costs.

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

The Offer for Subscription mentioned above was launched and closed, fully subscribed, on 11 June 2020. The total raised, net of all costs, was £24.2 million and resulted in the issue of 17,832,898 new shares. On behalf of the Board, I would like to welcome all new Shareholders and to thank existing Shareholders for their continued support. As at 30 September 2020, there were 145,732,541 Ordinary Shares in issue.

### Costs

The Board reviews the costs incurred by the Company on a regular basis and we remain focused on maintaining a competitively low ongoing charges ratio. During the year, total costs amounted to 2.2% of net assets, as calculated in accordance with the AIC's "Ongoing Charges" methodology. As at 30 September 2020, the Company was ranked in the lowest quartile for total ongoing charges by all VCTs.

### VCT Status

No major changes to VCT legislation were announced during the year under review.

The most recent rule changes came into effect in the 2019/2020 tax year and were designed to ensure that capital is directed at young, developing businesses, which might otherwise find it difficult to secure funding to finance their plans for growth. One of the key tests, from accounting periods commencing after 6 April 2019, is the requirement for at least 80% (previously 70%) of net assets to be invested in qualifying companies. I am pleased to report that, excluding new capital raised in Offers for Subscription within the last three years, the Company's qualifying percentage at 30 September 2020 was 87.86% of assets by VCT value. All other HM Revenue & Customs tests have also been complied with and the Board has been advised by its VCT status adviser, PwC, that the Company continues to maintain its status. It will, of course, remain a key priority of the Board to ensure that the Company retains this status.

### Annual General Meeting

The Board has been considering the potential impact of the Covid-19 pandemic on the arrangements for the Company's forthcoming AGM. Given current restrictions and the considerable uncertainty surrounding the future evolution of the pandemic, the Board has concluded that, in the interests of safety, the AGM will not follow the format of previous years. Instead, the AGM will be held on 4 February 2021, behind closed doors, without Shareholders being able to attend in person or online.

The Board will organise a Zoom presentation by the Investment Manager at 12 noon on 4 February 2021 and Shareholders are invited to view the presentation and submit questions to the Directors via email.

Further details of how Shareholders can vote, ask questions, and listen to this presentation are set out on page 32.

### Outlook

The latest NAV at 30 November 2020 was 187.3 pence per share.

While preserving life and maintaining health will remain the UK Government's top priority, it is also attempting to: i) negotiate an acceptable trade deal with the European Union; and ii) manage the economy at a moment of extreme pressure and somehow provide sufficient fiscal and monetary support to keep households and businesses afloat.

It is therefore impossible to predict accurately the outcome of the current crisis, other than that political and economic concerns will continue to be overshadowed by the overwhelming imperative to bring the Covid-19 pandemic under control. The uncertainty surrounding when and how this will be achieved may well continue to unsettle equity markets and it is therefore probable that the Company's NAV performance will remain volatile.

As at the year end, the Company continued to hold substantial cash balances, which will enable the Investment Manager to continue providing financial support to the best VCT qualifying opportunities. It is particularly heartening to know that the Investment Manager has previously backed several businesses that are now actively engaged in the battle against Covid-19. As a consequence of all these factors, there is good reason to be optimistic that your Company will continue to thrive over the longer term.

### Offer for Subscription for shares

The Company announced on 7 December 2020 that it intended to launch an Offer for Subscription to raise up to £15 million, through the issue of new ordinary shares. The prospectus, which will contain the full details and terms and conditions of the Offer, is expected to be available in January 2021.

Finally, I would like to wish you all continued good health during these difficult times.

**Tim Woodcock**
Chairman

16 December 2020

# Investment Manager's Review

## Introduction

The year under review will be remembered for the emergence of Covid-19. In view of the global crisis that has continued to unfold over the course of 2020, together, with the considerable attendant uncertainties that it has created, we are pleased with the positive performance generated during the year.

## Performance Review

The year under review has been difficult for equity markets around the world, as the full implications of the pandemic started to become clear. Investor sentiment deteriorated markedly from the beginning of March 2020 as markets reacted to the inevitability of major economic disruption. During periods of heightened volatility, it is normal to see levels of risk aversion increase. In March 2020, most global equity markets went into freefall, as investors panicked about the emerging pandemic and its potentially devastating impact on the valuation of quoted companies around the world. In the UK, all FTSE Indices fell heavily. The Company's portfolio of quoted investments did not escape the carnage and, by the end of March, NAV had fallen by 16.6%. In the following six months to 30 September 2020, equity markets stabilised and the value of the portfolio recovered even more strongly, with NAV per share increasing by 39.1% from this reduced value.

The investment environment has been extremely challenging for well-understood and thoroughly discussed reasons. It is therefore heartening that the Company was able to end the financial year so strongly. In the face of such extreme challenges, the portfolio demonstrated remarkable resilience. Although a number of our investee companies inevitably suffered badly as the virus spread and the incidence of profit warnings increased, the negative impact of these setbacks was more than offset by strong performances from a meaningful proportion of the AIM-listed holdings in the portfolio. In addition, significant uplifts to the carrying values of two unquoted investee companies were made: Hasgrove and Interactive Investor, reflecting their strong and continued growth.

During the financial year, we invested in one AIM Initial Public Offering and in two businesses already listed on AIM, that had not previously been in the portfolio. In addition, 8 VCT-qualifying follow-on investments were made. Encouragingly, the share price performance of these new investments has been good, with all but three making a positive contribution to performance.

The investment portfolio remains diversified both by number of holdings and by sector exposure. At the financial year end, the Company held investments in 74 active VCT qualifying companies and 20 non-qualifying investments. These investments are spread across 27 different sectors.

### Major Contributors to Performance

(bracketed figures represent the movement in value of the holding for the year under review or, if invested in the current year, since the date of investment)

**Interactive Investor** (+£15.9 million) is an online investment platform, which provides retail investors with independent financial information, together with trading and portfolio management services for managing their investments. Interactive Investor has delivered strong growth in customer numbers, revenues and profits over the past 12 months, benefiting in part from significant economies of scale achieved from its acquisition of Alliance Trust Savings in June 2019 and The Share Centre in July 2020. Strong trading continued throughout the first half of Interactive's financial year, as volatile market conditions led to a sharp increase in daily average trading volumes. During this period, revenues increased by 62% to £63 million, while underlying pre-tax profit grew 295% to £26.2 million, reflecting high levels of operational leverage across the platform. Active customer numbers also grew strongly, increasing by 154% to over 340,000, while assets under administration are now in excess of £31 billion, making it the second largest online investment platform in the UK. As a consequence of this rapid growth, the Fair Value of the Company's holding in Interactive Investor, was increased to £382.06 per share, representing an increase of +111.1% on the reported Fair Value as at your Company's previous financial year end. To put this uplift in value in context, the Board of Interactive Investor issued new shares in July 2020 in part consideration for the acquisition of The Share Centre, which valued the acquiror at £675 million or £441.62 per share. The discount applied reflects the fact that Unicorn AIM VCT is a minority shareholder in a privately owned business, controlled by the private equity firm J C Flowers, and the illiquid nature of the investment. We are delighted with the progress made by Interactive Investor in the past twelve months and hope to be in a position to report on further positive developments during the current financial year.

**Hasgrove** (+£9.4 million) is a holding company, with a wholly owned subsidiary called Interact. Interact is a fast growing global provider of corporate intranet solutions that operates a Software as a Service (SaaS) business model. Interact's intranet service offers customers the benefits of a highly secure communication platform, which can improve efficiency and productivity and provides substantially better employee engagement. Interact continues to grow rapidly by winning ever larger contracts, especially in its core market in North America. The company reported strong trading in its most recent financial year and this momentum has continued into the current financial year. Interact benefits from high levels of recurring revenues, which results in a high degree of visibility over revenues and profits. The rate of growth in recurring revenues puts Interact in a strong position to deliver double-digit growth in sales and profits in its current financial year. The business is cash generative and has no debt. The board of Hasgrove recently decided to return a proportion of the company's surplus cash to shareholders via a Tender Offer, which was announced in September 2020. As a result, we elected to tender a percentage of the Company's holding in Hasgrove. Following significant oversubscription, the tender was scaled back. The transaction completed subsequent to your Company's financial year end at a price of £18 per share. The partial sale of the Company's stake in Hasgrove generated

# Investment Manager's Review (continued)

proceeds of £358,326 and realised a capital profit of £342,432. In recognition of this recent transaction, the carrying Fair Value of the Company's holding in Hasgrove was marked up to £14.40 per share, representing an increase of +64.4% on the reported Fair Value as at the Company's prior financial year end. The difference between the Tender Offer price and the Fair Value represents a discount of 20%, which is designed to take into account the continuing illiquidity of the remaining stake held.

**Avacta** (+£7.4 million) develops innovative cancer therapies and diagnostics, based on its proprietary Affimer® and pre|CISION™ platforms. Avacta also provides reagents, for research and diagnostics purposes, to other Biotech and Life Sciences businesses. Avacta made significant progress during the six month period ended 30 June 2020, largely driven by its diagnostics division, which has been at the forefront of developing diagnostic testing kits related to the Covid-19 virus. Avacta has successfully developed tests, via collaborative agreements with several life sciences companies, which are designed to commercialise its Affimer reagents for use in high throughput antigen tests for mass population screening. In addition, preliminary findings by the Centre for Virus Research at the University of Glasgow showed that certain Affimer reagents could act as a potential therapy to combat Covid-19 in humans by binding to the virus spike protein and thereby preventing the spread of infection. Avacta's therapeutics division also made notable progress, by establishing and announcing a joint venture with a leading South Korean pharmaceutical company to develop stem cell treatments for patients who are seriously ill with Covid-19. In June 2020, Avacta successfully raised an additional £48 million, through an equity funding round, in order to accelerate investment in, and development of, its diagnostics and therapeutics programmes, together with its Covid-19 antigen testing programme.

**MaxCyte** (+£7.5 million) is a clinical-stage cell-based therapies and life sciences business that has developed a leading, patented cell-engineering platform. Over the past year, MaxCyte has gained significant commercial momentum in its cell therapies business and now counts amongst its customer base the world's ten largest global pharmaceutical companies. In the past twelve months, the business has also agreed three new commercial licences with leading cell therapy partners, which should drive significant growth in its pipeline opportunities over the next three years. These licences together with the company's existing commercial agreements are expected to deliver a series of substantial milestone payments as programmes progress through the clinical and commercialisation stages of their development. Existing group revenues grew by 30.1% to $10.9 million in the company's first half-year period, driven by recurring annual fees as well as up-front instrument sales. MaxCyte has a wholly-owned subsidiary CARMA Cell Therapies which has developed a novel mRNA-based cell therapy platform to treat solid tumours. Having successfully established the CARMA platform, management intend to establish CARMA as a stand-alone and independently financed company, in order to prioritise growth in MaxCyte's core cell-engineering business.

**Tristel** (+£3.1 million) is a manufacturer of infection prevention, contamination control and hygiene products. Tristel has been a direct beneficiary of the extraordinary circumstances resulting from the Covid-19 pandemic. Sales of its hospital surface disinfectant products increased sharply during its financial year to the end of June 2020, although growth was held back by disruption in sales of medical device decontamination products as hospitals deferred non-critical surgical procedures. In the financial year ended 30 June 2020, Tristel reported an increase in sales of 21% to £31.7 million, while underlying pre-tax profit grew by 27% to £7.1 million. Strong growth was driven by the expansion of international operations, which now account for around 60% of total group revenues. Notwithstanding the possibility of further disruption to hospital procedures from a prolonged resurgence of Covid-19 cases during the critical winter months, Tristel remains well positioned to deliver further growth in its current financial year.

**Detractors**

(bracketed figures represent the movement in value for the year under review, or since the date of investment)

**City Pub Group** (-£4.2 million) owns and operates an estate of premium quality pubs across the southern parts of England and Wales. Clearly, the market backdrop during the year under review has been extremely challenging for all hospitality businesses, as the sector bore the brunt of the UK Government's lockdown measures. City Pub Group has recently been forced into a full shutdown of all its pubs and hotels for the second time and this has prevented the group from generating revenues. In order to mitigate the financial damage, the management team of City Pub Group was quick to strengthen the company's balance sheet by raising £22 million through an equity placing and open offer, which immediately reduced its debt burden by approximately two thirds. In addition, swift action was taken to manage costs by using a combination of available Government support mechanisms and through internally generated savings. Despite such difficult market conditions, the decisive actions taken, combined with the asset backing provided by its estate of predominantly freehold properties, ought to ensure that City Pub Group can survive the current crisis.

**Bonhill Group** (£-1.8 million) is a media company providing business information, live events and data & insight propositions to its customers. The global pandemic has clearly had a significantly negative impact on the group's financial performance during the year under review, with revenues falling by 28% in the six month period to the end of June. This decline in sales was predominantly a result of the forced cancellation of all live events. The outlook for a recovery in revenues from Bonhill's events division remains bleak, but this is being partially offset by a growing level of subscription revenues from the group's media brands. As at 30 June 2020, the group reported a net cash position of £3.4 million, which was better than expected due to a significant reduction in costs and the suspension of dividends.

# Investment Manager's Review (continued)

**Hardide** (-£1.6 million) is a provider of advanced tungsten carbide coatings that significantly increase the life of metal components. Hardide's patented technology is particularly applicable for prolonging the useful life of machinery that operates in abrasive, erosive, corrosive and chemically aggressive environments. In its interim results for the period ended 31 March 2020, Hardide reported 29% growth in revenues to a record £3 million. Unfortunately, as Covid-19 spread across the world, demand for Hardide's highly specialised coatings suffered a rapid and significant decline and caused delays to the delivery of existing orders. Hardide's management team has taken decisive action to preserve cash and reduce costs, which has enabled the business to remain financially strong. In a trading update released on 23 September, the company reported that cash at bank was expected to be £2.7 million as at the end of September 2020.

**Immotion Group** (-£1.1 million) is an entertainment business focused on creating virtual reality content. Immotion's products are typically sold to leisure operators such as: aquariums, theme parks and retail centres. Needless to say, the leisure sector has faced particularly difficult trading conditions as many operators have been forced to close their doors to the public for extended periods. As a consequence, Immotion's ability to generate meaningful revenues has been curtailed. In a recently released Interim Results statement, Immotion reported that it had cash on hand of £1.2 million as at 25 September 2020.

**Escape Hunt** (-£0.9 million) is a provider of live 'escape the room' experiences. The emergence and rapid spread of Covid-19 has caused the forced closure of all of Escape Hunt's venues around the world. Although some sites have been allowed to re-open, most remain closed for the foreseeable future. The management team has taken action to reduce costs and preserve cash, enabling the company to report a cash balance of £4.3 million as at the end of August 2020 and providing some confidence that the business will survive the current crisis.

### Fully Listed and Other Investments

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

The non-qualifying investments held by the Company, are typically in larger, more liquid quoted companies that are listed on the FTSE 350 Index. Non-qualifying investments are normally held in the portfolio in lieu of cash, in order to generate additional dividend income for future distribution to Shareholders, while awaiting suitable VCT qualifying investment opportunities. In the main, these investments performed poorly as the full effects of the pandemic unfolded. The largest detractors from performance were: HSBC (-£0.7 million), Babcock International (-£1.0 million) and Lloyds Banking Group (-£1.2 million).

### Investment Activity

In terms of new investment activity, the number and quality of available VCT qualifying investment opportunities increased steadily during the course of the year. At the financial year end, the investment pipeline was particularly strong and the expectation is that significant levels of capital will continue to be deployed across a number of new, AIM-listed, VCT qualifying companies in the coming months. At the same time, the rate of follow-on investment opportunities remains healthy. The Company's requirement and ability to maintain its VCT Status at all times is a top priority. The Company is comfortably on target to meet one of the key rules imposed, whereby 30% of new capital raised in a single tax year must be invested in VCT qualifying companies within 12 months of the end of the financial year in which the money was raised. This target has also been comfortably exceeded in all previous fundraisings to which this rule applies.

During the period under review, three new VCT qualifying investments were made in Feedback Medical, Ilika and The British Honey Company, at a total cost of £4.2 million.

**Feedback Medical** is a specialist technology company providing innovative software and systems to benefit those working in the field of medical imaging. Feedback's products assist the work of radiologists, clinicians and medical researchers by improving workflows and giving unique insights into diseases, such as cancer. Feedback's core product, Bleepa, is a revolutionary medical imaging communications app. Following a potentially transformative year during which a substantial equity funding round was successfully completed, including a £2 million investment from your Company, Feedback is well placed to generate strong revenue streams and further enhance the Bleepa service.

**Ilika** is a pioneer in solid state battery technology, enabling solutions for many different customers that require, safe, portable, flexible, fast charging, high energy battery solutions. Ilika's solid state battery technology, in both miniaturised and large scale formats is designed to power wireless sensors across a wide range of applications, from hostile industrial environments to medical implants.

**The British Honey Company** is a UK based producer of spirits, honey and jams. The business initially focused on honey production and, later, expanded into honey infused spirits. The British Honey Company now produces 13 honey products and 16 spirits including gin, vodka, rum and whiskey, many of which have won awards in the UK and abroad. The company's facilities provide it with a scalable platform from which their directors plan to expand operations through organic growth and acquisition both in the UK and overseas. The company has invested significantly in its infrastructure which includes a fully operational distillery and a bottling facility capable of processing the equivalent of approximately 1.5 million bottles a year.

# Investment Manager's Review (continued)

Each of these businesses appears capable of generating significant growth in future years, although it is important to emphasise that they are all at relatively early stages in their development. It is also relevant to note that the current crisis may be adversely affecting their development plans.

Follow-on investments were made in a number of existing investments, which remained eligible for further State Aided funding. A total of £2.7 million of new capital was allocated to these investee companies in order to help finance their expansion plans.

In aggregate, almost £10.8 million was raised from the full and partial disposal of a number of holdings during the year. As a reminder, the normal purpose of such disposals is threefold: to ensure stock specific risk is contained; to lock in capital profits for future distribution to Shareholders via dividend payments; and to help manage liquidity requirements.

### Realisations

Four AIM-listed companies were taken over during the year, following receipt of recommended offers. The net proceeds from these realisations amounted to £4.4 million, realising an aggregate capital loss on investment cost of £1.3 million. A number of other partial disposals in qualifying holdings together with full and partial disposals in non-qualifying investments were also made. These transactions generated total proceeds of £6.4 million and an aggregate capital profit of £0.2 million. The total value of all disposals made during the year therefore amounted to £10.8 million. Including partial disposals, the total realised capital loss over the lifetime of the holdings from the sale of investments amounted to £1.1 million.

### Prospects

In the context of the difficulties experienced during the year, the Company's positive NAV performance was pleasing. In overall terms, the new financial year has also started satisfactorily for the Company's diverse portfolio of investments.

It is possible that prospects for the wider economy may start to improve once rapid and accurate Covid-19 testing kits and, more important, effective vaccines are made available to the UK population. The timing related to reaching these milestones remains unpredictable however, despite it becoming increasingly clear that progress is being achieved.

In the meantime, an extended period of economic contraction and a significant increase in unemployment appear certain. In addition, the financial burden of the UK Government's response to the pandemic will surely be felt for many years to come. As a result, investor sentiment toward UK equities may remain weak for some time. This heightened level of caution and negativity may well be maintained if an acceptable trade agreement following Britain's exit from the European Union cannot be reached.

The outlook for the remainder of the current financial year therefore remains uncertain. As a result, we are focused on monitoring the health of the Company's portfolio, while also seeking to identify and support emerging businesses through the provision of much needed capital.

We look forward to the moment when it becomes clear that Covid-19 has been successfully brought under control. In the meantime, we would like thank all Shareholders for their continued support and to wish you and your families continued good health.

**Chris Hutchinson**
Unicorn Asset Management Limited

16 December 2020

# Top Ten Investments

at 30 September 2020 with prior year comparative values

| | 30 September 2020 | | | 30 September 2019 | | |
|---|---|---|---|---|---|---|
| | Book cost £'000 | Valuation £'000 | % of net assets by value | Book cost £'000 | Valuation £'000 | % of net assets by value |
| Interactive Investor* | **3,447** | **30,225** | **11.6** | 3,447 | 14,319 | 7.1 |
| Hasgrove* | **1,329** | **24,004** | **9.2** | 1,329 | 14,602 | 7.3 |
| Abcam | **1,222** | **14,957** | **5.7** | 1,241 | 14,287 | 7.1 |
| MaxCyte | **3,617** | **10,985** | **4.2** | 3,617 | 3,471 | 1.7 |
| Tracsis | **1,500** | **9,240** | **3.6** | 1,500 | 9,817 | 4.9 |
| Anpario | **1,516** | **7,800** | **3.0** | 1,516 | 6,400 | 3.2 |
| Tristel* | **878** | **7,770** | **3.0** | 878 | 4,711 | 2.3 |
| Avacta | **1,029** | **7,267** | **2.8** | 1,000 | 800 | 0.4 |
| Cohort | **1,278** | **7,152** | **2.8** | 1,278 | 6,312 | 3.1 |
| Surface Transforms | **2,646** | **7,044** | **2.7** | 2,646 | 4,025 | 2.0 |
| **Total** | **18,462** | **126,444** | **48.6** | 18,452 | 78,744 | 39.1 |

* The holding consists of both qualifying and non-qualifying shares.

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

# Investment Portfolio Summary

| | Year invested | Book cost £'000 | Value £'000 | Market sector | % of net assets by value | % of equity held | % of equity managed by UAML* |
|---|---|---|---|---|---|---|---|
| **Qualifying AIM quoted investments** | | | | | | | |
| **Abcam**<br>Producer and distributor of high quality protein research tools | 2005 | 1,222 | 14,957 | Pharmaceuticals & biotechnology | 5.7 | 0.6 | 0.7 |
| **MaxCyte**<br>Developer of cell -engineering platforms based on Flow Electroporation technology | 2016 | 3,617 | 10,985 | Pharmaceuticals & biotechnology | 4.2 | 3.9 | 3.9 |
| **Tracsis**<br>Developer and supplier of resource optimisation and data capture technologies to the transport industry | 2007 | 1,500 | 9,240 | Software & computer services | 3.6 | 5.7 | 8.0 |
| **Anpario**<br>Manufacturer of natural feed additives for global agricultural markets | 2006 | 1,516 | 7,800 | Pharmaceuticals & biotechnology | 3.0 | 8.6 | 10.2 |
| **Tristel**<br>Manufacturer of contamination and infection control products | 2009 | 878 | 7,768 | Healthcare equipment & services | 3.0 | 3.5 | 6.3 |
| **Avacta Group**<br>Developer of protein based reagents for research and diagnostics | 2018 | 1,029 | 7,267 | Pharmaceuticals & biotechnology | 2.8 | 1.9 | 1.9 |
| **Cohort**<br>Provision of a wide range of technical services to clients in the defence and security sectors | 2006 | 1,278 | 7,152 | Aerospace & defence | 2.8 | 2.9 | 2.9 |
| **Surface Transforms**<br>Developer and producer of carbon-ceramic brakes | 2016 | 2,646 | 7,044 | Automobiles & parts | 2.7 | 10.9 | 10.9 |
| **Mattioli Woods**<br>Consultants in the provision of pension and wealth management services | 2005 | 1,626 | 6,275 | Financial services | 2.4 | 3.5 | 5.5 |
| **Keywords Studios**<br>Provider of technical services to the global video game industry | 2013 | 303 | 5,370 | Leisure goods | 2.1 | 0.3 | 0.3 |
| **Renalytix AI**<br>A developer of artificial intelligence enabled diagnostic solutions | 2018 | 1,500 | 5,083 | Healthcare equipment & services | 1.9 | 1.7 | 1.7 |
| **Access Intelligence**<br>Compliance software solutions for the public and private sectors | 2004 | 3,232 | 5,012 | Software & computer services | 1.9 | 9.1 | 9.1 |
| **Avingtrans**<br>Provision of precision engineering services | 2004 | 996 | 4,548 | Industrial engineering | 1.8 | 6.1 | 6.1 |
| **AB Dynamics**<br>Designer, manufacturer and supplier to the global automotive industry of advanced testing and measurement products for vehicle suspension, brakes and steering | 2016 | 793 | 4,537 | Industrial engineering | 1.7 | 1.1 | 1.1 |
| **Directa Plus**<br>Producer and supplier of graphene-based products for use in consumer and industrial products | 2016 | 3,800 | 3,893 | Chemicals | 1.5 | 8.7 | 8.7 |
| **Animalcare Group**<br>Specialist veterinary pharmaceuticals and animal health products | 2007 | 2,401 | 3,065 | Pharmaceuticals & biotechnology | 1.2 | 2.8 | 2.8 |
| **Idox**<br>Information and knowledge management software | 2007 | 1,242 | 2,924 | Software & computer services | 1.1 | 1.5 | 1.5 |
| **Omega Diagnostics**<br>Medical diagnostics company focused on allergy, food intolerance and infectious disease | 2010 | 444 | 2,849 | Healthcare equipment & services | 1.1 | 2.1 | 2.1 |

# Investment Portfolio Summary (continued)

| | Year invested | Book cost £'000 | Value £'000 | Market sector | % of net assets by value | % of equity held | % of equity managed by UAML* |
|---|---|---|---|---|---|---|---|
| **Trackwise Designs**<br>Manufacturer, to customer specification, of specialist products using printed circuit technology | 2018 | 1,750 | 2,750 | Electronic & electrical equipment | 1.1 | 7.5 | 7.5 |
| **Instem**<br>Data management software for the life sciences sector | 2011 | 985 | 2,657 | Software & computer services | 1.0 | 2.8 | 2.8 |
| **Ilika**<br>A pioneer in solid state battery technology, enabling solutions for applications such as Industrial IoT, MedTech and EV | 2020 | 1,232 | 2,619 | Electronic & electrical equipment | 1.0 | 2.2 | 2.2 |
| **Wey Education**<br>An education group providing online services worldwide | 2017 | 2,150 | 2,443 | Support services | 0.9 | 7.1 | 7.1 |
| **Belvoir Group (formerly Belvoir Lettings)**<br>Residential property lettings and sales | 2015 | 1,883 | 2,335 | Real estate investment & services | 0.9 | 5.8 | 5.8 |
| **Fusion Antibodies**<br>A contract research organisation that offers a range of antibody engineering services for all stages of therapeutic and diagnostic antibody development | 2017 | 1,160 | 2,166 | Healthcare equipment & services | 0.8 | 5.5 | 5.5 |
| **Feedback**<br>A specialist technology company providing innovative software and systems to benefit those working in the field of medical imaging | 2020 | 2,000 | 2,100 | Healthcare equipment & services | 0.8 | 18.8 | 18.8 |
| **ULS Technology**<br>Software and services for the property, legal and financial services markets | 2014 | 1,500 | 2,077 | Media | 0.8 | 5.8 | 8.0 |
| **VR Education Holdings**<br>A virtual/augmented reality software firm dedicated to changing how educational content and corporate training are provided and consumed globally | 2018 | 1,588 | 2,064 | Software & computer services | 0.8 | 6.6 | 6.6 |
| **Angle**<br>Developer of products for use in rare cell diagnostics that enable early, accurate identification of an individual's condition for the prevention, treatment, and monitoring of disease | 2018 | 1,385 | 1,468 | Pharmaceuticals & biotechnology | 0.6 | 1.6 | 1.6 |
| **Creo Medical**<br>A medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery. | 2018 | 1,000 | 1,328 | Healthcare equipment & services | 0.5 | 0.5 | 0.5 |
| **HML Holdings**<br>Residential property management | 2007 | 431 | 1,251 | Real estate investment & services | 0.5 | 8.1 | 8.1 |
| **Genedrive**<br>Developing and commercialising a low cost, rapid, versatile point-of-need diagnostics platform for the diagnosis of infectious diseases | 2016 | 706 | 1,224 | Healthcare equipment & services | 0.5 | 2.0 | 2.0 |
| **City Pub Group**<br>Owner and occupier of pubs located in cities and major towns in the South including London | 2013 | 2,250 | 1,191 | Travel & leisure | 0.5 | 2.8 | 6.0 |
| **British Honey Company (The)**<br>A UK based producer of spirits, honey and jams | 2020 | 1,001 | 1,046 | Beverages | 0.4 | 9.6 | 9.6 |
| **Totally**<br>Delivery of care solutions to individuals, business or public bodies | 2015 | 3,106 | 1,022 | Healthcare equipment & services | 0.4 | 3.2 | 3.2 |
| **ECSC Group**<br>Cyber security sevice provider | 2016 | 2,420 | 913 | Software & computer services | 0.4 | 14.5 | 14.5 |

# Investment Portfolio Summary (continued)

| | Year invested | Book cost £'000 | Value £'000 | Market sector | % of net assets by value | % of equity held | % of equity managed by UAML* |
|---|---|---|---|---|---|---|---|
| **Immotion Group**<br>Provider of 'out of home' virtual reality experiences | 2018 | 2,250 | 845 | Electronic & electrical equipment | 0.3 | 7.7 | 7.7 |
| **PCI-PAL**<br>A leading world-wide provider of payment card industry compliance solutions for contact centres | 2018 | 900 | 780 | Software & computer services | 0.3 | 3.4 | 3.4 |
| **Hardide**<br>Advanced tungsten carbide based metal coatings for internal and external surfaces | 2014 | 2,054 | 731 | Chemicals | 0.3 | 6.0 | 6.0 |
| **Kingswood Holdings**<br>Private wealth management | 2015 | 1,758 | 572 | Financial services | 0.2 | 1.0 | 1.0 |
| **Vianet**<br>Provision of real-time monitoring systems and data management services | 2006 | 725 | 562 | Software & computer services | 0.2 | 2.2 | 2.2 |
| **Driver Group**<br>Provision of specialist commercial, project planning and dispute resolution services to the construction industry | 2006 | 552 | 483 | Support services | 0.2 | 3.1 | 3.1 |
| **Augean**<br>Treatment and disposal of hazardous waste | 2004 | 500 | 472 | Support services | 0.2 | 3.0 | 3.0 |
| **Concurrent Technologies**<br>Designer and manufacturer of high performance processor based solutions for use in critical embedded applications | 2016 | 275 | 455 | Technology hardware & equipment | 0.2 | 0.7 | 0.7 |
| **Quixant**<br>Designer and manufacturer of advanced hardware and software solutions for the pay-to-play gaming and slot machine industry | 2016 | 648 | 440 | Technology hardware & equipment | 0.2 | 0.6 | 0.6 |
| **Surgical Innovations Group**<br>Designer and manufacturer of minimally invasive surgical instruments | 2007 | 436 | 388 | Healthcare equipment & services | 0.1 | 2.9 | 2.9 |
| **Microsaic Systems**<br>A high technology company which develops point-of-need mass spectrometers, focused on early drug development and life science markets | 2018 | 1,500 | 375 | Electronic & electrical equipment | 0.1 | 16.4 | 16.4 |
| **Pressure Technologies**<br>Manufacturer of high pressure cylinders | 2007 | 1,140 | 357 | Industrial engineering | 0.1 | 3.1 | 3.1 |
| **Falanx Group**<br>Provider of proactive cyber defence, intelligence and technology | 2018 | 1,500 | 317 | Support services | 0.1 | 6.4 | 6.4 |
| **Osirium Technologies**<br>A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices | 2016 | 2,000 | 250 | Software & computer services | 0.1 | 7.1 | 7.1 |
| **Bonhill Group**<br>Media and events company focused on the financial and technology sectors | 2007 | 3,160 | 246 | Media | 0.1 | 3.8 | 3.8 |
| **Dods Group**<br>Media group focused on political communication, training and publishing | 2003 | 1,176 | 205 | Media | 0.1 | 1.0 | 1.0 |
| **Escape Hunt**<br>Global provider of live 'escape the room' experiences | 2017 | 2,000 | 164 | Travel & leisure | 0.1 | 2.7 | 2.7 |
| **PHSC**<br>Health & Safety consultancy and training | 2007 | 253 | 150 | Support services | 0.1 | 8.5 | 8.5 |
| **Netcall**<br>Creates, maintains and supports a full range of communication software tailored to both the public and private sectors | 2016 | 192 | 142 | Software & computer services | 0.1 | 0.3 | 0.3 |

# Investment Portfolio Summary (continued)

| | Year invested | Book cost £'000 | Value £'000 | Market sector | % of net assets by value | % of equity held | % of equity managed by UAML* |
|---|---|---|---|---|---|---|---|
| **Gama Aviation**<br>Operator of privately owned passenger jet aircraft | 2010 | 760 | 140 | Industrial transportation | 0.1 | 1.2 | 1.2 |
| **Touchstar Technologies**<br>Development and supply of rugged, hand-held data capture devices to the logistics sector | 2005 | 337 | 116 | Technology hardware & equipment | – | 3.4 | 3.4 |
| **Synectics**<br>Designer of end-to-end integrated security and surveillance solutions | 2016 | 110 | 105 | Support services | – | 0.6 | 0.6 |
| **Brighton Pier Group**<br>Owner and operator of Brighton Pier and of premium bars across the UK | 2013 | 426 | 85 | Travel & leisure | – | 0.7 | 0.7 |
| **Dillistone Group**<br>Provider of software services to the executive recruitment industry | 2006 | 356 | 72 | Software & computer services | – | 8.1 | 8.1 |
| **Getech Group**<br>A leading petroleum and minerals consultancy | 2016 | 188 | 66 | Oil equipment & services | – | 1.5 | 1.5 |
| **RUA Life Sciences (formerly AorTech International)**<br>Intellectual property holding company of biomedical polymer technology, components and medical devices | 2016 | 8 | 44 | Healthcare equipment & services | – | 0.2 | 0.2 |
| **Grafenia**<br>Franchised high street print shops | 2004 | 231 | 35 | General retailers | – | 0.7 | 0.7 |
| **Zoo Digital**<br>Provider of software services to the media, entertainment and publishing industries | 2016 | 3 | 18 | Software & computer services | – | – | – |
| **Distil**<br>Owner and supplier of gin, vodka and liquer brands | 2016 | 5 | 6 | Beverages | – | 0.1 | 0.1 |
| **Bould Opportunities**<br>Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets | 2014 | 747 | 3 | Non-equity investment instruments | – | 0.1 | 0.1 |
| **Kellan Group**<br>A recruitment business operating across a wide range of functional disciplines and industry sectors | 2016 | 13 | 2 | Support services | – | 0.3 | 0.3 |
| **Crawshaw Group**<br>Yorkshire based chain of retail butchers | 2007 | 1,538 | – | Food & drug retailers | – | 6.4 | 6.4 |
| **Total qualifying AIM quoted investments** | | 84,311 | 155,049 | | 59.6 | | |
| **Qualifying unquoted investments** | | | | | | | |
| **Hasgrove**<br>Digital marketing and communication services | 2006 | 1,329 | 24,000 | Media | 9.2 | 21.0 | 21.0 |
| **Interactive Investor**<br>Online investment platform | 2013 | 1,250 | 9,950 | Financial services | 3.8 | 4.6 | 4.6 |
| **nkoda Limited**<br>Online provider of sheet music by subscription | 2018 | 2,500 | 1,624 | Software & computer services | 0.6 | 12.4 | 12.4 |
| **Phynova**<br>A life science company that develops and commercialises natural healthcare products | 2018 | 1,500 | 1,117 | Healthcare equipment & services | 0.4 | 6.9 | 6.9 |
| **LightwaveRF**<br>A pioneer of the smart home technology sector | 2017 | 2,616 | 726 | Technology hardware & equipment | 0.3 | 17.3 | 17.3 |
| **Heartstone Inns**<br>A group of individual Free Houses each with a distinct character in locations across Southern England | 2014 | 1,113 | 716 | Travel & leisure | 0.3 | 7.3 | 7.3 |
| **Osirium Technologies - Loan stock**<br>A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices | 2020 | 500 | 500 | Software & computer services | 0.2 | N/A | N/A |

# Investment Portfolio Summary (continued)

| | Year invested | Book cost £'000 | Value £'000 | Market sector | % of net assets by value | % of equity held | % of equity managed by UAML* |
|---|---|---|---|---|---|---|---|
| **Brady**<br>Provider of transaction and risk management software solutions | 2010 | 112 | 34 | Software & computer services | – | 0.2 | 0.2 |
| **Uvenco**<br>Operator of vending machines | 2008 | 2,102 | – | Food & drug retailers | – | 1.8 | 1.8 |
| **Syndicate Room**<br>Investment company and crowd funding platform | 2016 | 1,250 | – | Financial services | – | 5.3 | 5.3 |
| **Reach4entertainment**<br>Film and live entertainment advertising, marketing and display agencies | 2016 | 1 | – | Media | – | – | – |
| **Total qualifying unquoted investments** | | 14,273 | 38,667 | | 14.8 | | |
| **Total qualifying investments** | | 98,584 | 193,716 | | 74.4 | | |
| **Non-qualifying investments** | | | | | | | |
| OEIC funds managed by Unicorn Asset Management | 2001 | 5,775 | 5,676 | OEIC | 2.2 | N/A | N/A |
| **Non-qualifying fully listed equities** | | | | | | | |
| Macfarlane Group | 2010 | 642 | 2,085 | General industrials | 0.8 | 1.6 | 4.5 |
| NCC Group | 2011 | 400 | 1,641 | Software & computer services | 0.6 | 0.3 | 3.0 |
| Tesco | 2019 | 1,511 | 1,322 | Food & drug retailers | 0.5 | – | – |
| Lloyds Banking Group | 2018 | 3,010 | 1,165 | Banks | 0.5 | – | – |
| Legal & General | 2018 | 1,502 | 1,017 | Life insurance | 0.4 | – | – |
| Victrex | 2018 | 1,419 | 977 | Chemicals | 0.4 | 0.1 | 0.3 |
| Babcock International | 2017 | 3,006 | 831 | Aerospace & defence | 0.3 | 0.1 | 0.1 |
| HSBC Holdings | 2019 | 1,502 | 686 | Banks | 0.3 | – | – |
| Renold | 2010 | 880 | 309 | Industrial engineering | 0.1 | 1.3 | 1.3 |
| Lloyds Banking Group 9.25% Preference Shares | 2016 | 267 | 269 | Banks | 0.1 | N/A | N/A |
| Braemar Shipping Services | 2006 | 598 | 191 | Industrial transportation | 0.1 | 0.4 | 5.1 |
| Vodafone | 2016 | 221 | 103 | Mobile telecommunications | – | – | – |
| Imperial Brands | 2016 | 253 | 98 | Tobacco | – | – | – |
| **Non-qualifying AIM quoted entities** | | | | | | | |
| Augean | 2004 | 1,076 | 4,923 | Support services | 1.9 | 3.0 | 3.0 |
| Redcentric | 2004 | 394 | 905 | Software & computer services | 0.3 | 0.4 | 0.4 |
| Avingtrans | 2004 | 868 | 784 | Industrial engineering | 0.3 | 6.1 | 6.1 |
| Belvoir Group (formerly Belvoir Lettings) | 2015 | 479 | 599 | Real estate investment & services | 0.2 | 5.8 | 5.8 |
| City Pub Group | 2013 | 1,315 | 476 | Travel & leisure | 0.2 | 2.8 | 6.0 |
| Caretech Holdings | 2010 | 400 | 430 | Healthcare equipment & services | 0.2 | 0.1 | 0.1 |
| IQE | 2011 | 187 | 305 | Technology hardware & equipment | 0.1 | 0.1 | 0.1 |
| Driver Group | 2006 | 561 | 282 | Support services | 0.1 | 3.1 | 3.1 |

# Investment Portfolio Summary (continued)

| | Year invested | Book cost £'000 | Value £'000 | Market sector | % of net assets by value | % of equity held | % of equity managed by UAML* |
|---|---|---|---|---|---|---|---|
| Portmeirion Group | 2010 | 203 | 189 | Household goods & home construction | 0.1 | 0.3 | 0.3 |
| Dillistone Group | 2006 | 722 | 151 | Software & computer services | 0.1 | 8.1 | 8.1 |
| Gama Aviation | 2010 | 751 | 81 | Industrial transportation | – | 1.2 | 1.2 |
| Other AIM listed entities each valued at less than £60k | | 241 | 76 | Other AIM listed | – | | |
| **Non-qualifying unquoted investments** | | | | | | | |
| Interactive Investor | 2013 | 2,197 | 20,275 | Financial services | 7.8 | 4.6 | 4.6 |
| Hasgrove | 2006 | – | 4 | Media | – | 21.0 | 21.0 |
| Unlisted equities | | 368 | – | | – | | |
| **Total non-qualifying investments** | | 30,748 | 45,850 | | 17.6 | | |
| **Total investments** | | 129,332 | 239,566 | | 92.0 | | |
| Current assets | | | 22,303 | | 8.6 | | |
| Current liabilities | | | (1,663) | | (0.6) | | |
| **Net assets** | | | 260,206 | | 100.0 | | |

* Unicorn Asset Management Limited.

# Unquoted Investments Summary

| Company | Value £'000 | % of Net Asset By Value £'000 | Valuation Basis | Date of Latest Accounts | Turnover £'000 | Profit/(Loss) Before Tax £'000 | Net Assets/ (Liabilities) £'000 |
|---|---|---|---|---|---|---|---|
| Interactive Investor | 30,225 | 11.6 | Discounted price of recent transaction | 31 Dec '19 | 90,170 | 13,933 | 128,005 |
| Hasgrove | 24,004 | 9.2 | Discounted price of recent transaction | 31 Dec '18* | 12,511 | 2,246 | 8,605 |
| nkoda Limited | 1,624 | 0.6 | Discounted price of recent transaction | 30 Sep '20 | N/A | N/A | 372 |
| Phynova | 1,117 | 0.4 | Discounted price of recent transaction | 30 Sep '18 | N/A | N/A | 1,920 |
| LightwaveRF | 726 | 0.3 | Discounted price of recent transaction | 30 Sep '19 | 4,094 | (3,611) | 3,437 |
| Heartstone Inns | 716 | 0.3 | Net asset value | 31 Dec '19 | 10,698 | (2,015) | 16,030 |
| Osirium – Loan stock | 500 | 0.2 | Cost (reviewed for impairment) | 31 Dec '19 | 1,172 | (3,452) | 3,616 |
| Brady Technologies | 34 | – | Recent transaction | 31 Dec '19 | 18,181 | (19,177) | 237 |
| Reach4Entertainment | – | – | Recent transaction | 31 Dec '19 | 135 | 1,240 | 14,676 |
| Uvenco | – | – | Full provision | 31 Dec '16 | 10,857 | 421 | 982 |
| Syndicate Room | – | – | Full provision | 31 Dec '19 | N/A | N/A | (3,394) |

* The Company has taken advantage of the extension to file accounts within 12 months of its year end as available under Covid-19 regulations.

The valuations of the unquoted portfolio are reviewed quarterly as discussed on page 41.

# Financial and Performance Review

For the year ended 30 September 2020

### Net Assets

As at 30 September 2020, the audited net assets of the Company were £260.2 million, compared to £201.1 million on 1 October 2019. The growth in total net assets was due to the support received from new and existing Shareholders under the Offer for Subscription, which raised £24.2 million net of costs, and the strong performance from the investment portfolio.

### Performance during the year

As at 30 September 2020, the audited NAV of the Company was 178.6 pence per share, having risen by 24.7 pence from 153.9 pence per share at the start of the financial year under review, compared with a decline of 17.9 pence per share in the year ended 30 September 2019. After adding back dividends of 6.5 pence per share paid in the year, the total return to Shareholders increased by 31.2 pence or 20.3% compared with a decline of 11.4 pence or 6.6% in the previous year. In comparison, the total return from the FTSE AIM All-Share Total Return Index was 11.0% over the year to 30 September 2020.

At the financial year end, there were 74 active VCT qualifying and 20 non-qualifying companies held in the portfolio. These investments are spread across 27 different sectors.

In the year to 30 September 2020, a total of £10.8 million was realised through the sale of investments, approximately £6.9 million was deployed in new investments and approximately £9.0 million was paid out as dividends to Shareholders. A further £4.9 million was spent on the operating costs of the Company and £4.1 million on share buybacks.

### Share Issues and Buybacks

The Company raised £24.2 million (after costs) through the Offer for Subscription and issued 17,832,898 shares, details of which are given in Note 13 on page 62.

In addition, the Company allotted 311,578 shares under the Dividend Reinvestment Scheme ("DRIS") at an average price of 163.6 pence per share.

Throughout the year a total of 3,072,006 (2019: 3,273,771) shares were bought back for cancellation for a total cost of £4.1 million (2019: £4.4 million). Details are shown below:

| Date | Number of shares | Price per share pence | Discount to NAV % | Total cost £'000 |
|---|---|---|---|---|
| 15 October 2019 | 168,702 | 137.0 | 11.0 | 232 |
| 13 December 2019 | 403,673 | 139.0 | 13.2 | 564 |
| 17 January 2020 | 194,000 | 143.0 | 17.6 | 279 |
| 9 April 2020 | 447,110 | 110.0 | 14.3 | 494 |
| 16 July 2020 | 631,281 | 129.5 | 18.7 | 822 |
| 17 August 2020 | 316,034 | 132.0 | 17.5 | 419 |
| 11 September 2020 | 911,206 | 146.0 | 12.6 | 1,337 |
| | 3,072,006 | | | 4,147 |

### Total Return

The Company generates returns from both capital growth and dividend income. For the year ended 30 September 2020, the total return was £47.5 million (2019: £12.2 million loss), of which there was a £47.7 million gain (2019: £13.2 million loss) from capital and a £0.2 million loss (2019: £1.0 million gain) from revenue. Full details of the total return can be found in the Income Statement on page 50. The Company's allocation of expenses is described in Note 1 (f) on page 55.

The total net earnings per share were 34.6p (2019: loss 9.8p). The total net return per share was made up of 34.7p from capital and a loss of 0.1p from revenue.

### Revenue Return

The income of £1.6 million (2019: £2.7 million) represents dividend income derived from the Company's investments, interest on loan stocks and interest on cash balances. The decrease in investment income of 40.6% for the year was mainly due to investee companies reducing their dividend distributions as a result of the Covid-19 pandemic.

### Capital Return

At the year end the investment portfolio was valued at £239.6 million (2019: £192.6 million). The investment portfolio delivered a realised return on disposals of £0.3 million (2019: £0.7 million) and unrealised valuation gains on investment of £50.5 million (2019: £11.1 million losses). The valuation basis of the Company's investments is described in Note 1 (c) on page 54.

# Financial and Performance Review (continued)

For the year ended 30 September 2020

### Ongoing Charges and Running Costs

The Ongoing Charges of the Company for the financial year under review was 2.2% (2019: 2.3%) of average net assets, which remains below the cap of 2.75%.

The total expenses amounted to £4.9 million (2019: £4.4 million) and include investment management fees of £4.2 million (2019: £3.7 million), administrative service fees of £0.2 million (2019: £0.2 million) and other third party service providers fees of £0.2 million (2019: £0.2 million).

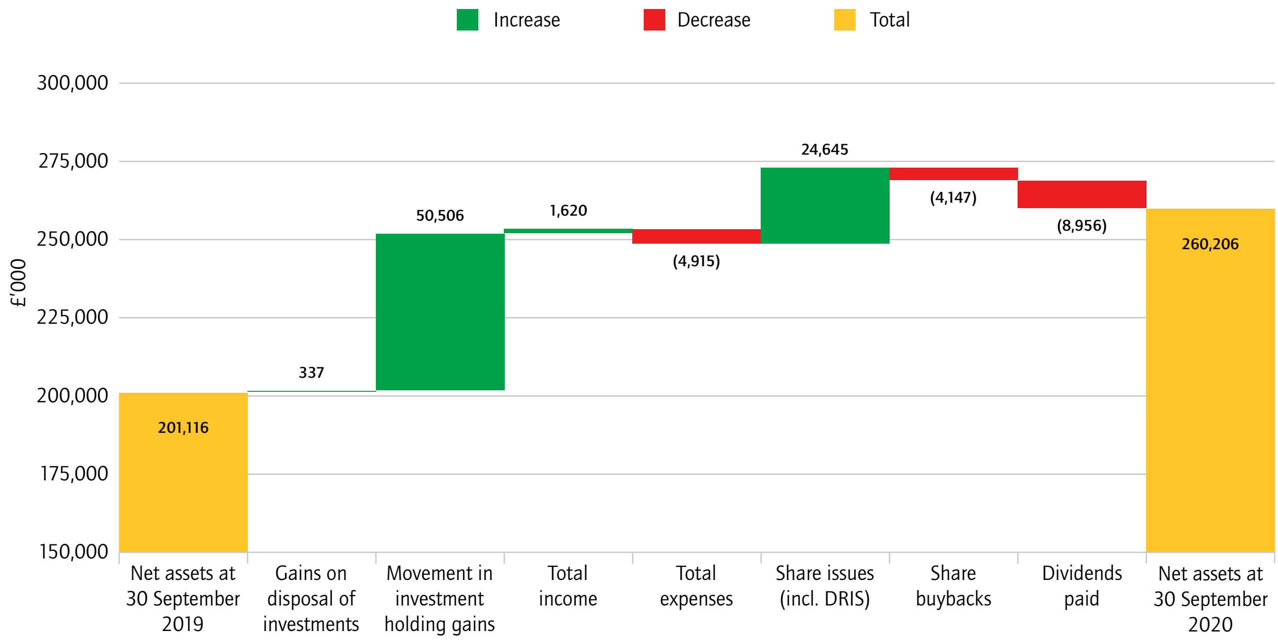
Under the revised management agreement effective from 1 October 2018 and as shown in Note 3 on page 56, the Investment Manager receives a management fee of 2% per annum of net assets up to £200 million and 1.5% per annum of net assets in excess of £200 million (other than on investments in OEICs managed by the Investment Manager). Other expenses are shown in Note 4 on page 57.

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

### Cash and Cash Equivalents

During the year the Company has increased its cash balances through the Offer for Subscription and the sale of investments. These were partially offset by the purchase of investments, the payment of running costs, share buybacks and dividends. The cash balance at the year end was £21.4 million (2019: £9.4 million).

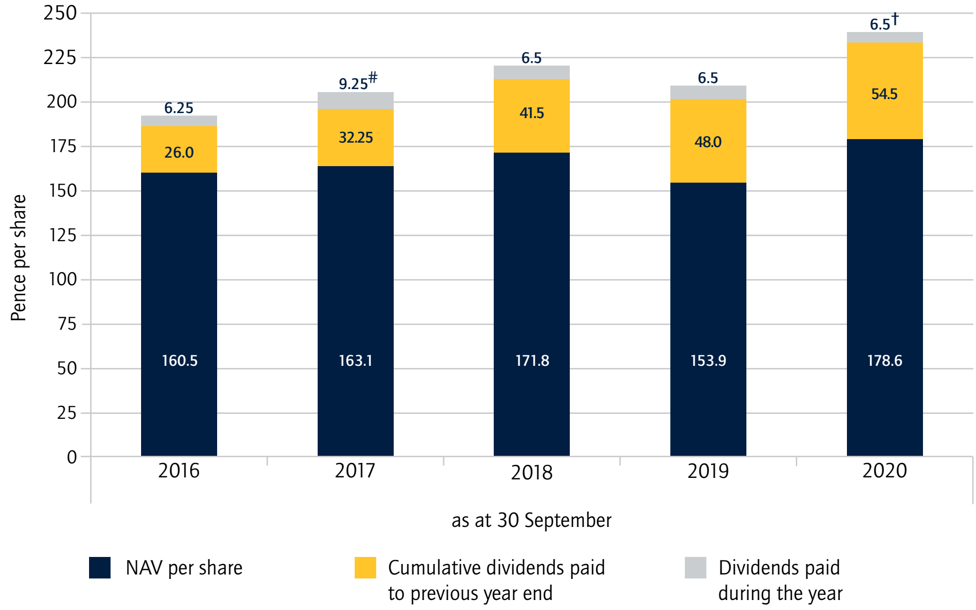
### Movement in net assets for the year ended 30 September 2020



# Key Performance Indicators

The bar charts below display the key indicators that the Board uses to measure the Investment Manager's performance, thereby helping Shareholders to assess how the Company is performing against its objective. A number of these are classified as Alternative Performance Measures ("APMs") in line with Financial Reporting Council guidelines.

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




- NAV per share increased by 24.7 pence to 178.6 pence during the year ended 30 September 2020
- Cumulative total shareholder return increased by 31.2 pence during the year ended 30 September 2020 and at that date totalled 239.6 pence

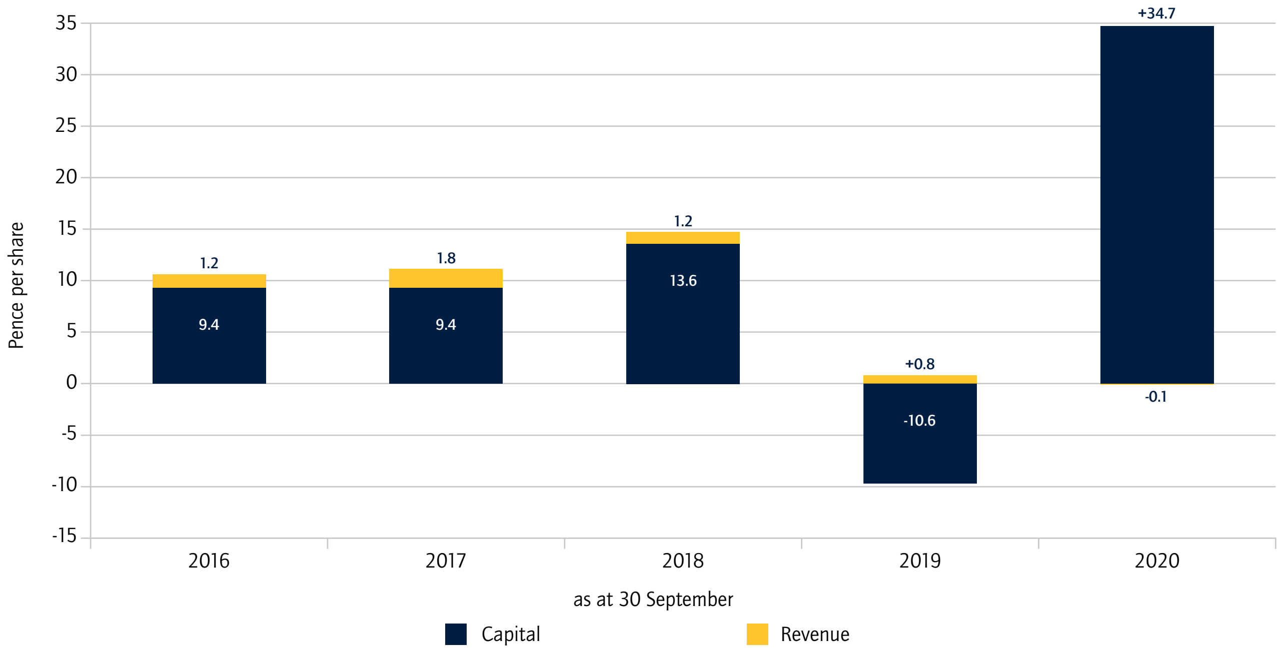
* The cumulative total Shareholder return since the merger of the Company with Unicorn AIM II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 147.8 pence representing the cumulative dividends paid of 61.0 pence plus the increase in NAV per share of 86.8 pence since that date.

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

† Including 3.0 pence interim dividend paid on 12 August 2020.

### Earnings per share*

The earnings per share for the year ended 30 September 2020, together with those of the previous five financial years are outlined in the graph below:

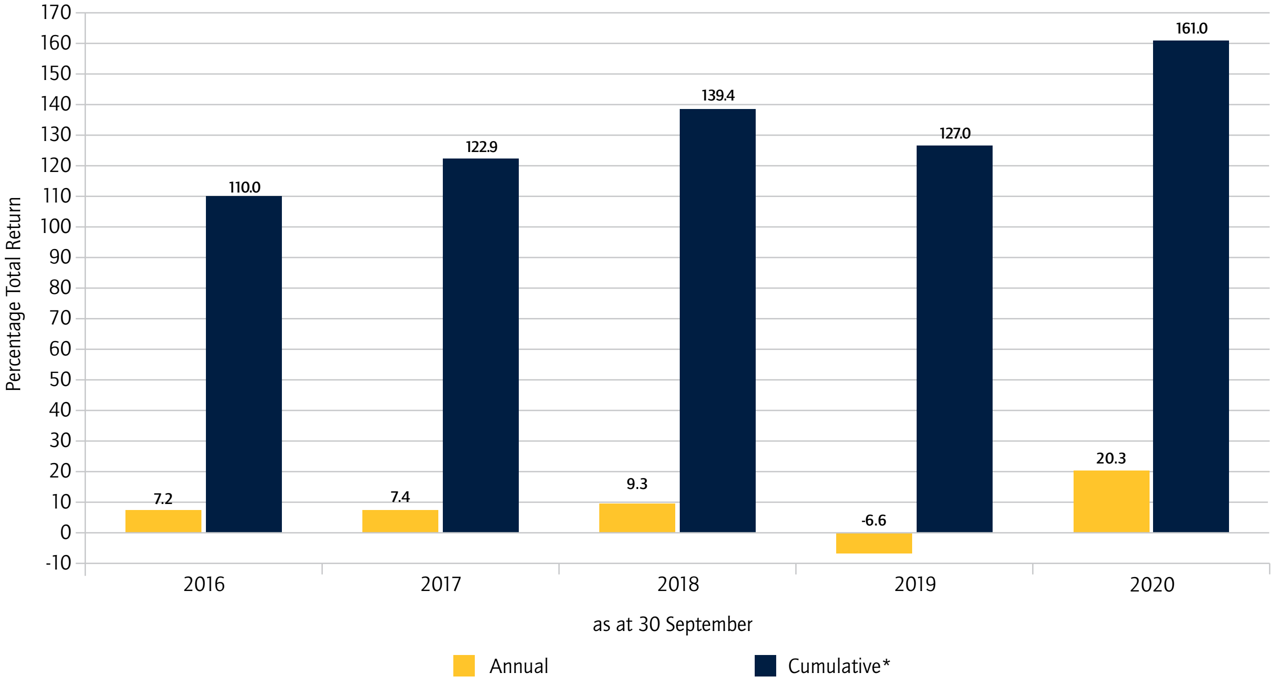



* Total earnings including unrealised gains/(losses) on investments after taxation divided by weighted average number of shares in issue.

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

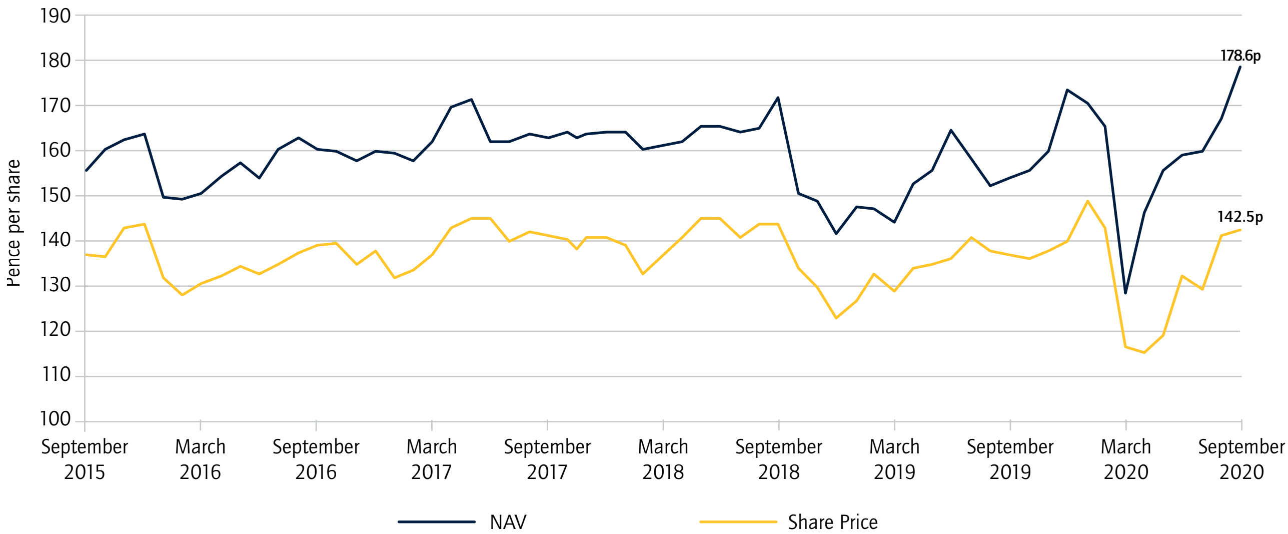
# Key Performance Indicators (continued)

## Annual and cumulative total return




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

## 5 Year NAV and Share Price Comparison



# The Company and its Business Model

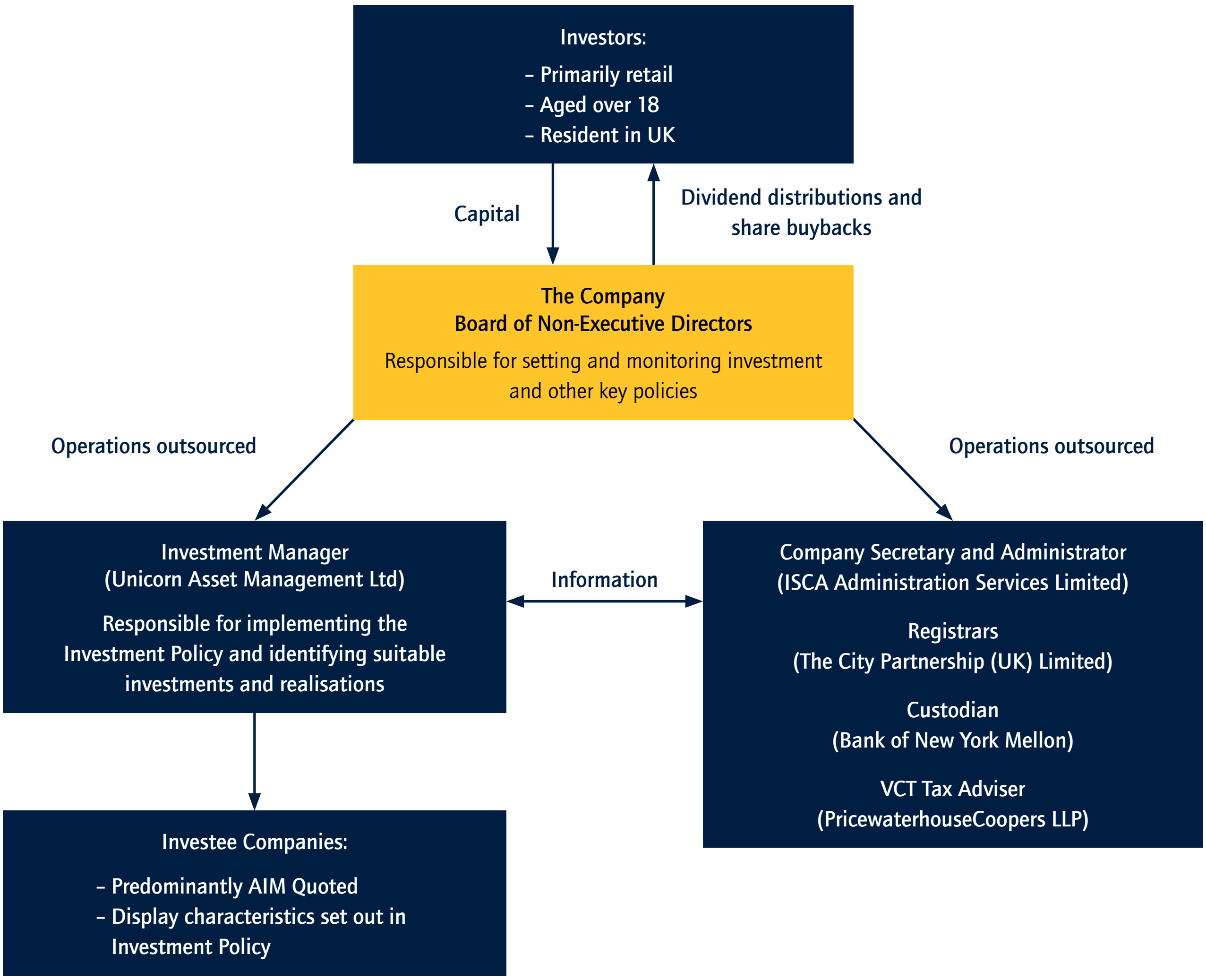
The Company is registered in England and Wales as a Public Limited Company (registration number 04266437) and is approved as a Venture Capital Trust ("VCT") under section 274 of the Income Tax Act 2007 (the "ITA"). In common with many other VCTs, the Company revoked its status as an investment company as defined in section 266 of the Companies Act 1985 on 17 August 2004, to make it possible to pay dividends from capital. A summary of the VCT regulations is shown on page 73.

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

The Company is an externally managed fund with a Board currently comprising four non-executive Directors. Investment management and operational support are outsourced to external service providers, with the strategic and operational framework and key policies set and monitored by the Board as described in the diagram below. Further information on the service providers is outlined in the Corporate Governance Statement on pages 38 and 39.

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

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



# Investment Objective

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

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

# Investment Policy

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

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

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

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

**Asset mix**

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

**Borrowing**

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

The effect of any borrowing is discussed further on page 32 under "AIFMD".

# Key Policies

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

### Dividend policy

The Board remains committed to a policy of maintaining a steady flow of dividend distributions to Shareholders from the income and capital gains generated by the portfolio. Total dividends of 6.5 pence per share were paid during the year, which amounted to approximately £9.0 million.

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

The Company paid an interim dividend during the year of 3.0 pence per share on 12 August 2020.

The Directors are recommending a final dividend of 3.5 pence for approval at the Annual General Meeting to be held on 4 February 2021. This would bring total dividends to 6.5 pence for the year under review.

Details of the Company's Dividend Reinvestment Scheme are outlined on page 70.

### Share buybacks and discount policy

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

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

1. Regular share buybacks provide a reliable mechanism through which Shareholders can realise their investment in the Company, rather than being reliant on a very limited secondary market.
2. Share buybacks, when carried out at a discount to underlying net assets, help modestly to enhance NAV per share for continuing Shareholders.
3. Implementing share buybacks on a regular basis helps to control the discount to NAV.

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

The Company has continued to buy back shares for cancellation at various points throughout the financial year in accordance with the above policy. Details of the shares purchased for cancellation are shown on pages 17 and 62. At the financial year end, the Company's shares were quoted at a mid price of 142.5 pence per share representing a discount to NAV per share of 20.2%. This was before the announcement of the upward revaluation in unquoted investments following the year end.

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

# Section 172(1) Statement

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

In this Company the Board considers the following:

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

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

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

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

This is undertaken through:

### Annual General Meeting

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

As reported on page 32, the AGM in 2021, will be held behind closed doors and Shareholders are invited to view the online presentation by the Investment Manager and submit questions to the Board via email.

### Published Reports

The Company produces Annual and Half-Yearly reports which are posted to all Shareholders who have requested to receive hard copies and made available to others through the Company's website. The publication of these reports is considered the prime method of communication with Shareholders and other readers of the reports and provides detailed information on the portfolio, performance over the period and assessment of the outlook for the Company. Reports from the various committees of the Board are included, as are descriptions of the Company's corporate governance arrangements. Whilst the structure and layout of these reports is often prescribed by regulatory requirements the Board seeks to ensure that the report is readable and is mindful that it should be fair, balanced and understandable. In addition to the above reports, voluntary Interim Management Statements ("IMS") are issued following the other quarter ends to provide a summary of the Company's position. The IMS is issued through the Regulatory News Service and is available on the Company's website. The production of this IMS was originally a regulatory requirement on the Company, which the Board decided to continue on a voluntary basis to provide additional information to interested parties once it ceased to be a requirement.

### Shareholder enquiries

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

The enquiries this year have covered topics such as the share price discount to NAV and the time delay between the subscription of funds and the allotment of new shares during the fundraising undertaken in 2020. The Directors discuss these matters at Board meetings and take action where they feel it is in the interests of all Shareholders to do so.

### Fundraising

Every year, the Directors consider whether to raise additional funds. They take account of the need to invest new money in qualifying investments, the risks of poor investment decisions, and the impact upon existing Shareholders. New investment has to comply with the

# Section 172(1) Statement (continued)

timetable to meet State Aid regulations. Having concluded these discussions, the Board announced on 7 December 2020 that it intends to raise up to £15 million in the current tax year.

### Key Suppliers

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

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

### Other Suppliers

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

### Regulators

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

### Environment and Community

As the Company does not have any employees nor any physical office environment of its own it has little direct impact on the community or the environment. The Company seeks to reduce its impact on the environment by encouraging Shareholders to receive Reports electronically rather than through printed copies.

Whilst our investment strategy does not commit us to 'sustainable investing' our Investment Manager has taken several steps in this direction. UAML has recently signed up to the United Nations Principles of Responsible Investment code (UNPRI) and appointed a senior manager at UAML to take responsibility for its implementation, emphasising the growing importance of environmental, social and governance matters in all their investment decision making.

### Decision-making

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

# Principal Risks and Uncertainties

The Directors have carried out a review of the principal risks faced by the Company as part of the internal controls process, as outlined below. Note 17 to the Financial Statements on pages 63 to 68 also provides information on the Company's financial risk management objectives and exposure to risks. The Directors' process for monitoring these risks is shown below.

| Risk | Possible consequence | How the Board monitors and mitigates risk |
|---|---|---|
| **Investment and strategic risk** | • Unsuitable investment strategy or share or investment selection could lead to poor returns to Shareholders. | • Regular review of investment strategy by the Board.<br>• Monitoring of the performance of the investment portfolio on a regular basis.<br>• All purchases or sales of unquoted investments require prior investment authorisation from the Board. |
| **Regulatory and tax risk** | • The Company is required to comply with the Companies Act 2006, ITA, AIFMD (as applicable to small registered UK AIFMs), UKLA Rules and UK Accounting Standards. Breaching these rules may result in a public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the ITA. Should this occur, Shareholders may lose any upfront income tax relief and be taxed on any future dividends and capital gains if they dispose of their shares. | • Regulatory and legislative developments are kept under close review by the Board, the Investment Manager and Company Secretary.<br>• The Company's VCT qualifying status is continually reviewed by the Investment Manager and the Administrator.<br>• PricewaterhouseCoopers LLP has been retained by the Board to undertake a bi-annual independent VCT status monitoring role. |
| **Operational risk** | • The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation of assets. | • Internal control reports are provided by service providers on an annual basis.<br>• The Board considers the performance of the service providers annually and monitors activity on a monthly basis.<br>• The Board discusses succession planning with its key service providers. |
| **Fraud and dishonesty risks** | • Fraud involving Company assets may occur, perpetrated by a third party, the Investment Manager or other service provider.<br>• Cyber attacks on the Company could lead to financial loss and impact the Company's reputation.<br>• Cyber attacks on the Company's investee companies could affect the value of the Company's investments. | • Internal control reports are provided by service providers on a regular basis.<br>• The Administrator is independent of the Investment Manager. |
| **Financial Instrument risks** | • The main risks arising from the Company's financial instruments are due to fluctuations in their market prices, interest rates, credit risk and liquidity risk. | • The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 17 on pages 63 to 68. |
| **Economic, Brexit and political risks** | • Events such as recession, inflation or deflation, movements in interest rates and technological change can affect trading conditions and consequently the value of the Company's investments.<br>• The withdrawal of the UK from the European Union creates significant uncertainty in markets and regulatory environments which may affect the value of the Company's investments.<br>• Other geopolitical issues may affect the Company's performance at both macro and micro economic level. | • While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst seeking to maintain adequate liquidity. |
| **Global Pandemics** | • Events such as the Covid-19 pandemic could adversely affect investee companies.<br>• Key service providers could experience high levels of staff illness and interruption to their operations. | • The Board liaises with the Investment Manager to obtain a full understanding of the impact on the investee companies.<br>• The Board receives details from its key service providers of the steps taken to protect their employees and operations and the alternative working policies they have in place to ensure continued business services. |

The Board is also responsible for assessing the possibility of new and emerging risks.

# The Regulatory Environment

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

### Human rights

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

### Recruitment and succession planning

As announced last year, Peter Dicks stood down as Chairman following the Annual General Meeting in January 2020. In May 2020, he stood down as a Director. The Board will continue to assess its composition in the future and undertake succession planning. The Board's policy on the tenure of the Chair is set out on page 38.

### Diversity

The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity. Appointments to the Board are made according to expertise and knowledge. Following the retirement of Peter Dicks during the year, the Board comprises three male and one female non-executive Directors.

The Board's operational and entrepreneurial skills have been extended by the appointment of Tim Woodcock as Chairman. His extensive experience in the development of fast growth companies complements the considerable investment industry experience possessed by other members of the Board.

### Anti-bribery, corruption and tax evasion policy

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

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

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

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

### Environmental and social responsibility

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

### Viability Statement

The Board's assessment of the ability of the Company to meet all liabilities when due and that it can continue to operate for a period of at least twelve months from the date of signing the Annual Report is shown on page 32.

Under the UK Corporate Governance code there is a requirement that the Board performs a robust assessment of the Company's principal and emerging risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated. The last review was performed in September 2020.

The Directors have considered the viability of the Company as part of their continuing programme of monitoring risk and conclude that five years is a reasonable time horizon to consider the continuing viability of the Company. This is also in line with the requirement for the Company to continue in operation so investors subscribing for new shares issued by the Company can hold their shares for the minimum five year period to allow them to benefit from the tax incentives offered when those shares were issued. The last allotment of shares took place in June 2020.

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

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

# The Regulatory Environment (continued)

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

- At the year end the Company had a diversified investment portfolio in addition to its VCT qualifying investments comprising: £10.7 million invested in non-qualifying, fully listed shares which are readily realisable and a further £27.1 million in open ended funds and cash. The Company therefore has sufficient immediate liquidity in the portfolio for any near term requirements.
- The ongoing charges ratio of the Company as calculated using the AIC recommended methodology equates to 2.2% of net assets.
- The Board anticipates that there will continue to be suitable qualifying investments available that will enable the Company to maintain its operations successfully over the five year time horizon.
- The Company has no debt or other external funding apart from its ordinary shares.
- The payment of dividends and buybacks are at the discretion of the Board.

The Directors have also considered the viability of the Company should there be a slowdown in the economy or a correction of the markets leading to lower dividend receipts and asset values. As stated above, Ongoing Charges equate to 2.2% of net assets of which the Investment Management fee (as reduced by the Company's investment in Unicorn funds) equates to 2.0% of net assets up to £200 million and 1.5% of net assets in excess of £200 million. Therefore, any fall in the value of net assets will result in a corresponding fall in the major expense of the Company.

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

### Prospects

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

**For and on behalf of the Board**

**Tim Woodcock**
Chairman

16 December 2020

# Board of Directors

## Tim Woodcock

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

**Skills and experience:**
Tim Woodcock qualified as a Chartered Accountant at PwC. He is an experienced company director who has held a number of main board roles for both public and private companies. He also has considerable Investment Management experience – in 2008 he co-founded Oakfield Capital Partners, a private equity firm specialising in investing and developing fast growing UK smaller companies.

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

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

**Length of service as at 30 September 2020:**
1 year, 3 months

**Last elected to the Board:**
30 January 2020

**Committee memberships:**
Audit Committee

**Remuneration 2019/2020:**
£29,042

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

**Relevant relationships with investee companies:**
None

**Shared directorships with other Directors:**
None

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

**Shareholding in the Company:**
30,663 Ordinary shares

## Charlotta Ginman

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

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

**Other appointments:**
Charlotta is a non-executive director and audit committee chair for Polar Capital Technology Trust plc, Pacific Assets Trust plc and Keywords Studios plc, and also sits on the board of Gamma Communications plc and Boku Inc. Given three of the six directorships are with investment companies that typically only have four or five meetings a year, and therefore take up less time than a trading company NED role, she has enough time to ensure she remains as effective as needed in each of her roles as well as having spare time to devote to any unforeseen corporate issues that may arise.

**Rationale for re-election**
Charlotta has recent and relevant financial expertise with a strong accounting background which enables her to add depth to discussions around the Company's Financial Statements, comparisons to both peers and industry trends as well as being up to date on relevant governance issues. Charlotta is the audit committee chair of three other listed entities which enable her to bring a wider understanding and breadth of knowledge to the Company across the investment industry.

**Length of service as at 30 September 2020:**
4 years, 3 months

**Last elected to the Board:**
30 January 2020

**Committee memberships:**
Audit Committee

**Remuneration 2019/20:**
£25,625

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

**Relevant relationships with investee companies:**
Shareholder and non-executive director of Keywords Studios plc

**Shared directorships with other Directors:**
None

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

**Shareholding in the Company:**
12,792 (a further 9,917 shares are held by a connected person)

# Board of Directors (continued)

## Jeremy Hamer

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

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

**Other appointments:**
Jeremy is on the board of Access Intelligence plc, coaches for Westminster Coaching and is a governor of a local prep school in Dorset.

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

**Length of service as at 30 September 2020:**
10 years, 6 months

**Last re-elected to the Board:**
30 January 2020

**Committee memberships:**
Audit Committee (Chairman)

**Remuneration 2019/20:**
£29,000

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

**Relevant relationships with investee companies:**
Non-executive director and shareholder of Access Intelligence plc

**Shared directorships with other Directors:**
None

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

**Shareholding in the Company:**
12,202 Ordinary shares

## Jocelin Harris

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

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

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

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

**Length of service as at 30 September 2020:**
14 years, 5 months

**Last re-elected to the Board:**
30 January 2020

**Committee memberships:**
Audit Committee

**Remuneration 2019/20:**
£28,188

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

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

**Shared directorships with other Directors:**
None

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

**Shareholding in the Company:**
113,572 Ordinary shares

# Directors' Report

The Directors present the nineteenth Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2020 (the "Annual Report") incorporating the Corporate Governance Statement on pages 37 to 40.

### The Company

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

As stated on page 37, the Directors believe that reporting in line with the AIC Code of Corporate Governance (the "AIC Code") is most appropriate for the Company.

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

### The Directors

At the start of the year, the Board consisted of five Directors. Following the Company's AGM on 30 January 2020, Tim Woodcock took over the chair from Peter Dicks and subsequently, on 18 May 2020, Peter Dicks retired from his position as a non-executive Director. All of the Directors are non-executive and are independent of the Investment Manager. The biographies of the Directors in office at the year end are shown on pages 29 and 30 and their interests in the shares of the Company on page 34.

The AIC Code recommends that all directors offer themselves for re-election annually. Tim Woodcock, Jocelin Harris, Jeremy Hamer and Charlotta Ginman will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 4 February 2021.

### Dividends

An interim dividend of 3.0 pence per share was paid on 12 August 2020.

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

### Share Capital

At the year-end there were 145,732,541 (2019: 130,660,071) Ordinary shares of 1p each in issue, none of which are held in Treasury. The issues and buybacks of the Company's shares during the year are shown in Note 13 on page 62. No shares have been bought back subsequent to the year end, therefore, at the date of this report, the Company had 145,732,541 shares in issue. All shares are listed on the main market of the London Stock Exchange.

### Directors' Indemnities and Liability Insurance

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

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

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

- The structure of the Company's capital is summarised above and in Note 13 and the voting rights are contained on page 40. There are no restrictions on voting rights or any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.
- There are no securities carrying special rights with regard to the control of the Company.
- The Company does not operate an employee share scheme.
- The Company's Articles of Association and the Companies Act 2006 contain provisions relating to the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares.
- No agreements exist to which the Company is a party that may affect its control following a takeover bid.
- There are no agreements in place between the Company and its Directors providing for compensation for loss of office in any event.

Details of the financial risk management objectives and policies of the Company together with information on exposure to credit, price, liquidity and cash flow risks are contained in Note 17 on pages 63 to 68.

The business model and strategy is included in the Strategic Report on pages 21 and 22.

### Global greenhouse gas emissions

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

# Directors' Report (continued)

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

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

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

### Outlook

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

### Going concern

After due consideration, the Directors believe that the Company has adequate resources for a period of at least 12 months from the date of the approval of the Financial Statements and that it is appropriate to apply the going concern basis in preparing the Financial Statements. As at 30 September 2020, the Company held cash balances of £21.4 million, £10.7 million in fully listed stocks and £5.7 million in Unicorn OEIC funds. The majority of the Company's investment portfolio remains invested in qualifying and non-qualifying AIM traded equities which may be realised, subject to the need for the Company to maintain its VCT status. The cash flow projections, taking into account the impact of Covid-19, and covering a period of at least twelve months from the date of approving the Financial Statements have been reviewed and show that the Company has access to sufficient liquidity to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no borrowings and is therefore not exposed to any gearing covenants.

### Auditor's right to information

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

### Substantial interests

As at 15 December 2020, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

### Post balance sheet events

The Company was advised on 30 October 2020 that it's shareholding in Synnovia had been compulsory purchased following a takeover in January 2020.

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

The Board has been considering the potential impact of the ongoing Covid-19 pandemic on the arrangements for the Company's forthcoming AGM. Given current restrictions and the considerable uncertainty surrounding the future evolution of the pandemic, the Board has concluded that, in the interests of safety, the AGM will not follow the format of previous years. Instead, the AGM will be held behind closed doors, whilst the Company will still meet its requirements for a quorum. The meeting will be held at 11.30 am on Thursday 4 February 2021, but without Shareholders being invited to attend in person or online.

Notice of the AGM to be held at the offices of Unicorn Asset Management, Preachers Court, The Charterhouse, Charterhouse Square, London EC1M 6AU. is set out on pages 75 to 79 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report.

Voting on all resolutions will be by Poll based on proxy votes lodged, therefore all Shareholders are actively encouraged to submit their votes by proxy in accordance with the Notice of Meeting. The Board encourages all Shareholders to vote on the resolutions within the Notice as set out on pages 75 to 79 using the proxy form, or electronically at https://proxy-unicorn.cpip.io/. Shareholders are encouraged to appoint "the Chair of the Meeting" as their proxy. The Board has carefully considered the business to be considered at the AGM and recommends that Shareholders vote in favour of all the resolutions being proposed.

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

Any change to these arrangements will be notified on the Company's website and if appropriate announced through the RNS.

### Presentation by Board and Investment Manager

At 12 noon on Thursday 4 February 2021 and following the formal business of the AGM, the Company will hold, via Zoom, an online presentation by Chris Hutchinson from the Investment Manager. The Directors will also be in attendance during the presentation. Shareholders may submit questions for the Directors or Investment Manager either in advance by email to unicornaimvct@iscaadmin.co.uk or on the day during the Presentation through the text facility in Zoom.

**To receive an invitation to join the Zoom presentation please email unicornaimvct@iscaadmin.co.uk from the email address you wish the invitation to be sent, by midday on Tuesday 2 February 2021. Full joining instructions will also be available on the Company's website.**

# Directors' Report (continued)

### Business of the AGM

The following notes provide an explanation of a number of the Resolutions that will be proposed at the meeting. Resolutions 1 to 10 will be proposed as ordinary resolutions requiring the approval of more than 50% of the votes cast at the meeting to be passed and resolutions 11 and 12 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting to be passed. Resolutions 10 to 12 are the usual resolutions relating to the authority to issue and buyback shares and in substitution for existing authorities passed in previous years. Resolutions 10 and 11 will be used to enable the issue of shares pursuant to top-up offers should the Directors consider raising further funds to be in the best interests of the Company. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

### Voting rights of Shareholders

Normally at general meetings of the Company business is conducted on a show of hands, however, as stated above, at the next AGM, due to restrictions on Shareholders attending, the business will be conducted through a Poll on all resolutions. Proxy votes must be lodged with the Registrars 48 hours before the meeting, see notes on pages 77 to 79.

### Ordinary Business at the Annual General Meeting

**Re-appointment of Auditors**

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

**Re-election of Directors**

Resolutions 5 to 8 will be proposed to re-elect Tim Woodcock, Charlotta Ginman, Jeremy Hamer and Jocelin Harris as Directors of the Company. The Board currently consists of four Directors, all of whom have extensive investment based backgrounds and both private and public company board level experience. The Board believes that they bring valuable skill, experience and expertise to the Company and all have confirmed they have sufficient time available to commit to the Company. The Board recommends that Shareholders vote in favour of the resolutions relating to their re-election. Jocelin Harris and Jeremy Hamer have both served in excess of nine years and have been subject to a higher degree of assessment and evaluation by the Board in recommending their re-election. A summary of the Directors' skills and experience is given in their biographies on pages 29 and 30.

### Special Business at the Annual General Meeting

**Allotment of shares**

The authority proposed under Resolution 10 will authorise the Directors to allot shares or grant rights to subscribe for or to invest in shares in the Company generally, in accordance with section 551 of the Companies Act 2006 (the "Act"), up to an aggregate nominal amount of £728,662 representing 50% of the issued share capital at the date of this report. This authority, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2022.

**Disapplication of pre-emption rights**

Resolution 11 will give Directors the authority to allot shares for cash without first offering the securities to existing Shareholders in certain circumstances. The resolution proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities:

1. with an aggregate nominal value of up to, but not exceeding, £582,930, representing 40% of the issued share capital at the date of this report, in connection with offer(s) for subscription; and
2. with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time;

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

The authority conferred under this resolution, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting to be held in 2022.

**Authority for the Company to purchase its own shares**

Resolution 12 authorises the Company to purchase up to 21,845,307 of its own shares (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report), or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital of the Company at the date the resolution is passed. Purchases will be made on the open market at prices in accordance with the terms laid out in the Resolution. Shares will be purchased only in circumstances where the Board believes that it is in the best interests of the Shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in NAV per share and earnings per share. The Board currently intends to cancel those shares purchased. Such authority will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2022.

At the Annual General Meeting held on 30 January 2020, Shareholders gave authority for the Company to buy back a total of 14.99% or 19,471,065 of its own shares. The Company has since repurchased and cancelled 2,305,631 shares and therefore has remaining authority to repurchase 17,165,434 shares which authority will lapse at the Annual General Meeting to be held in 2021.

**By order of the Board**.

**ISCA Administration Services Limited**
Company Secretary

16 December 2020

# Directors' Remuneration Report

### Annual Remuneration Report

The purpose of this Report is to demonstrate the method by which the Board has implemented the Company's Remuneration Policy (see page 36) and provide Shareholders with specific information in respect of the Directors' remuneration. A resolution to approve the Remuneration Report will be put forward at the AGM to be held on 4 February 2021, where Shareholders will have an advisory vote on the approval of the Report.

This Directors' Remuneration Report has been prepared by the Directors in accordance with the Companies Act 2006. The Company's Independent Auditor is required to give its opinion on the specified information provided on Directors' emoluments (see below) and this is explained further in their report to Shareholders on pages 45 to 49. Shareholders are encouraged to vote on the Remuneration Report annually at the AGM and on the Remuneration Policy at least every three years. The Board will take Shareholders' views into consideration when setting remuneration.

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

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

During the year to 30 September 2020, the Board reviewed its existing remuneration levels, having considered the substantial increase in the Company's net assets, the remuneration payable to non-executive directors of comparable VCTs, the demand for non-executive directors within the financial sector and the increasing regulatory requirements with which the sector is required to comply. Following this review, the Board agreed to increase Directors' fees from 1 October 2020, as shown on page 36. As with any Board comprising solely of non-executive directors it is unlikely that a Director can fully abstain from any discussion or decision concerning their own fees. For the year commencing 1 October 2020 the decision was made to set a base fee for all Directors and each Director participated in the process of setting the level of this fee. Additional fees were then set for specific roles and the individual Directors did not participate in setting any additional fee for their own specific role. The Board consider that this process is consistent with the spirit of the AIC Code on the setting of Directors fees.

At the Annual General Meeting held on 30 January 2020, the following votes were cast on the Remuneration Report:

| | Number of votes | % of votes cast |
|---|---|---|
| For | 6,768,483 | 87.1 |
| Against | 466,871 | 6.0 |
| At Chairman's discretion | 536,231 | 6.9 |
| **Total votes cast** | **7,771,585** | **100.0** |
| Number of votes witheld | 289,743 | |

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

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

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

### Directors' interests (audited information)

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

| | 30 September 2020 | | 30 September 2019 | |
|---|---|---|---|---|
| Director | Shares | % of share capital | Shares | % of share capital |
| Tim Woodcock | 30,663 | 0.02 | – | – |
| Charlotta Ginman | 22,709 | 0.02 | 18,893 | 0.01 |
| Jeremy Hamer | 12,202 | 0.01 | 12,202 | 0.01 |
| Jocelin Harris | 113,572 | 0.08 | 113,572 | 0.09 |
| Peter Dicks* | – | – | 186,510 | 0.14 |

* Peter Dicks retired from the Board of Directors on 18 May 2020.

There have been no changes in the Directors' interests since 30 September 2020. No options over the share capital of the Company have been granted to the Directors.

Details of the Directors' remuneration are disclosed below and in Note 5 on page 57.

### Pensions (audited information)

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

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

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

# Directors' Remuneration Report (continued)

## Relative spend on pay

The table below sets out:

a) the remuneration paid to the Directors; and

b) the distributions made to Shareholders by way of dividends paid in the financial year ended 30 September 2020 and the preceding financial year.

There were no share buy-backs for Treasury.

| | Year ended 30 September 2020 | Year ended 30 September 2019 | Change % |
|---|---|---|---|
| Total remuneration | **129,751** | 117,708 | 10.2 |
| Dividends paid (Note 7) | **8,974,000** | 8,045,000 | 11.5 |

The increase in the remuneration paid and the reason for it is shown in the table below.

## Directors' emoluments (audited information)

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

| | Year ended 30 September 2020 | Year ended 30 September 2019 |
|---|---|---|
| Tim Woodcock (Chairman) | **29,042** | 7.708 |
| Charlotta Ginman (Independent Director) | **25,625** | 25,000 |
| Jocelin Harris (Senior Independent Director) | **28,188** | 27,500 |
| Jeremy Hamer* (Audit Committee Chairman) | **29,000** | 27,500 |
| Peter Dicks (Retired on 18 May 2020) | **17,896** | 30,000 |
| **Total** | **129,751** | 117,708 |
| Expenses† | **160** | 593 |
| | **129,911** | 118,301 |

* With effect from 1 October 2019, all of Jeremy Hamer's fees have been paid directly through the payroll.

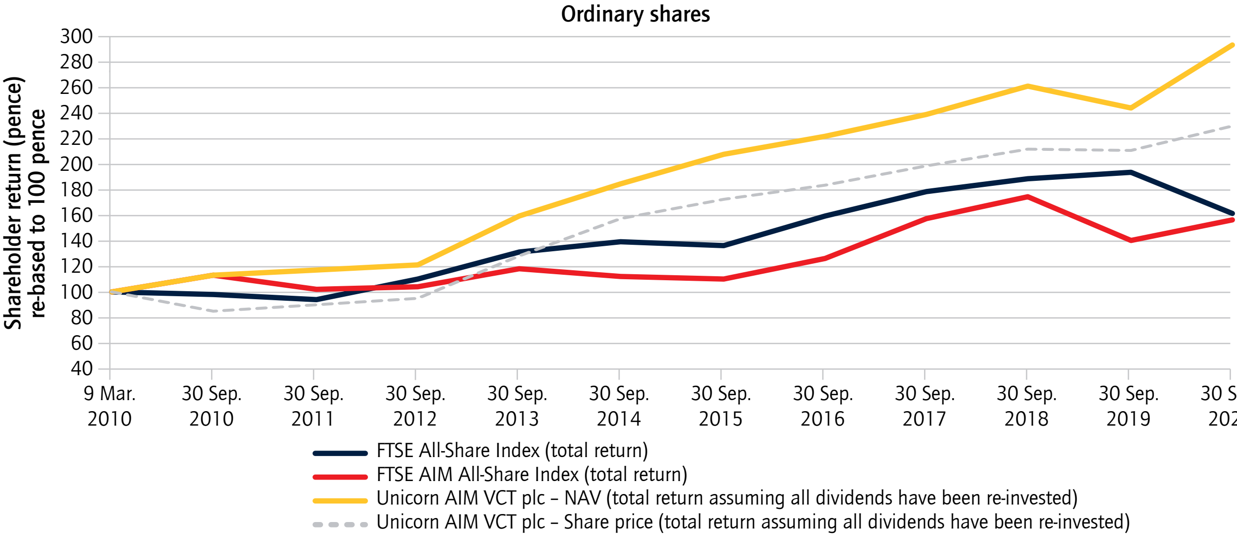
† Travel and other expenses may be considered as taxable benefits for Directors.

## Total Shareholder return performance graph

The following graph charts the total cumulative shareholder return of the Company since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010 and merger of all former share classes (assuming all dividends are re-invested) compared to the total cumulative shareholder return of both the FTSE All-Share and the FTSE AIM All-Share Indices. These indices represent the broad equity market against which investors can measure the performance of the Company and are thus considered the most appropriate benchmarks. The NAV total return per share has been shown separately in addition to the information required by law because the Directors believe it is a more accurate reflection of the Company's performance.

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

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




An explanation of the performance of the Company is given in the Strategic Report on pages 2 to 28.

# Directors' Remuneration Report (continued)

## Remuneration Policy

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

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

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

A resolution approving the Remuneration Policy was passed at the Annual General Meeting in January 2020 and will remain valid until the Annual General Meeting in 2023.

## Basis of Remuneration

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

The table below shows the expected maximum payment that will be received per annum by each Director for the year to 30 September 2021, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

| Role | Components of Pay Package: Basic Fees | Components of Pay Package: Additional Fees | Expected fees for the year to 30 September 2021* | Performance conditions | Company Strategy | Remuneration Policy |
|---|---|---|---|---|---|---|
| Chairman and Non-executive Director | 26,200 | 6,500 | 32,700 | None | To invest in companies which are VCT qualifying, quoted on AIM and have good prospects.<br><br>To maintain the Company's VCT status. | The levels of remuneration need to be sufficient to attract, retain and motivate directors with the required ability to review and challenge the Investment Manager's performance and ensure effective governance. |
| Non-executive Director and Chairman of the Audit Committee | 26,200 | 4,500 | 30,700 | | | |
| Non-executive Senior Independent Director | 26,200 | 2,500 | 28,700 | | | |
| Non-executive Directors | 26,200 | – | 26,200 | | | |

* Following a review of fees payable to Directors, the Board has approved an increase for each of the current Directors with effect from 1 October 2020 to the amounts shown above.

## Terms of Appointment

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

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

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

**By order of the Board**

**ISCA Administration Services Limited**
Company Secretary

16 December 2020

# Corporate Governance Statement

The Directors have adopted the AIC Code published in February 2019 for the financial year ended 30 September 2020. The AIC Code addresses the principles and provisions set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

The AIC Code was endorsed in February 2019 by the Financial Reporting Council ("FRC") which has confirmed that in complying with the AIC Code, the Company will meet its obligations in relation to the UK Code. The AIC Code is available online at: www.theaic.co.uk. A copy of the UK Code can be found at: www.frc.org.uk.

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

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

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

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

### The Board

Following Peter Dicks' retirement on 18 May 2020, the Board comprises four non-executive Directors. Each brings a range of relevant expertise, experience and judgement to the Board. Jocelin Harris is the Senior Independent Director. Shareholders should initially contact the Company Secretary if they have concerns. Shareholders may then contact Mr Harris if they have concerns which have failed to be resolved through the Chairman or Investment Manager or where such contact is inappropriate. The Directors believe that this structure is right for the Company given its current size and the nature of its business.

Details of the Directors' other significant time commitments are disclosed on pages 29 and 30 of this Annual Report.

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

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

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

### Directors' attendance at Board and Committee meetings

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

| Director | Board | Audit Committee |
|---|---|---|
| Tim Woodcock | 4/4 | 4/4 |
| Charlotta Ginman | 4/4 | 4/4 |
| Jeremy Hamer | 4/4 | 4/4 |
| Jocelin Harris | 4/4 | 4/4 |
| Peter Dicks (retired 18 May 2020) | 3/3 | 3/3 |

# Corporate Governance Statement (continued)

### Tenure

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

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations on tenure for Directors. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a Director's independence. The Board does not believe that a Director should be appointed for a finite period. The AIC Code does recommend that it should have a policy on tenure of its Chairman. The Board has noted that there is no requirement under the AIC Code for its Chairman to stand down after nine years and has welcomed the flexibility this brings to having a longer serving and experienced Chairman. However, having served for eighteen years as Chairman, and as stated in the Company's Half Year Report Peter Dicks retired from the Board on 18 May 2020. Following the appointment of the new Chairman, Tim Woodcock, the Company has adopted a nine year maximum tenure policy for its Chairman.

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

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

### Independence of Directors

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, all of the Directors are independent of the Investment Manager. The Directors' shareholdings in the Company's investee companies are shown on pages 29 and 30.

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

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

Appointment letters for new Directors include an assessment of the expected time commitment for each Board position and new Directors are asked to give an indication of their other significant time commitments. In 2019, the Board adopted a formal process of recruitment when seeking the appointment of a new Director.

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

During the year, the Senior Independent Director led a review of the Directors, the Board and the Committee which was undertaken through a series of discussions with each Director and the key service providers and the outcome was communicated to the Directors. He concluded that the composition and performance of the Board was effective, and that the open culture of the Board facilitated a full and wide-ranging discussion in meetings and led to a collegiate approach on all matters. The Directors monitor the continuing independence of the Chairman and inform him of their discussions.

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

### Management

**Investment Manager**

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

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

# Corporate Governance Statement (continued)

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

The Directors regularly review the investment performance of the Investment Manager. Terms of the IMA and policies covering key operational issues are reviewed with the Investment Manager at least annually. The Board believes that the continued appointment of the Investment Manager remains in Shareholders' best interests and the investment criteria remain appropriate. Furthermore, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review, Top Ten Holdings and the Investment Portfolio Summary on pages 5 to 15, the Financial Highlights on page 1 and the Financial Performance Review on pages 17 and 18. Details of the management fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 56. The Board and the Investment Manager aim to operate in a co-operative and open manner while the Board maintains its oversight obligations.

**Company Secretary and Company Administrator**
ISCA Administration Services Limited was appointed as the Company Secretary and Administrator under a contract dated 1 September 2014. The fees paid are shown in Note 4 on page 57.

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

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

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

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

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

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

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

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

# Corporate Governance Statement (continued)

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 15 September 2020. The Board has identified no issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

## Further Disclosures

**Amendment of the Company's Articles of Association**

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

## Share capital and voting rights

Details of the Company's share capital can be found on page 31 and in Note 13 and there are no reported substantial shareholdings. The voting rights of Shareholders are set out below:

Each Shareholder has one vote on a show of hands, and on a Poll one vote per share held, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all their shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the Directors no later than 48 hours before the time for holding the meeting. As stated above, voting at the 2021 AGM will be undertaken on a Poll on all Resolutions.

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

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

## Powers of the Directors

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

## Relations with Shareholders

Communication with Shareholders is considered a high priority.

All Shareholders are entitled to receive a copy of the Annual Report. Shareholders are encouraged to agree to receive these electronically. The Board invites communications from Shareholders and usually there is an opportunity to question the Directors, the Chairman of the Audit Committee and the Investment Manager. For the 2021 AGM, Shareholders have been requested to submit questions by email to unicornaimvct@iscaadmin.co.uk.

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

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

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

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

**By order of the Board**

**ISCA Administration Services Limited**
Company Secretary

16 December 2020

# Audit Committee Report

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

The Committee meets at least three times per year and its responsibilities are set out in its terms of reference, which are reviewed annually and are available on the Company's website (www.unicornaimvct.co.uk) or can be requested from the Company Secretary, who, supplemented by the External Auditor, updates the Committee with changes in relevant legislation. Until the Covid-19 lockdown the quarterly meetings were held face to face while supplementary meetings were also held by telephone or other electronic means. Meetings are minuted by the Company Secretary.

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

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

### 1. Financial Reporting (valuation of investments)

**Financial Statements**

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

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

**Valuation of the Company's quoted and unquoted investments**

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

This year has seen a much greater emphasis of the unquoted investment valuations. The Committee has reviewed the peer benchmarking, recent transactions data and the particular importance of the discount level to reflect the lack of liquidity in unquoted shares and, where appropriate, recommended revised valuations to the Board. The Committee paid particular attention to the methodology and process for valuing these investments to ensure that the resulting valuation was appropriate and in accordance with IPEV valuation guidelines. The formal quarterly reviews are supplemented with additional reviews should material new information become available. The Committee also discussed the controls in place over the valuation of the quoted investments and the judgements made when considering if any losses on investments held should be treated as realised and considered no further permanent impairment was necessary.

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

**Revenue Recognition**

The revenue generated from dividend income and loan stock interest has been considered by the Committee noting a significant reduction in dividend income this year. The Committee has considered the controls in place at the Custodian over the recognition of dividends from quoted investments and the review undertaken by the Administrator to ensure that amounts received are in line with expectations.

# Audit Committee Report (continued)

**Completeness and control of expenditure**

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

**Going Concern and Viability Statement**

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

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

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

## 2. Internal Controls and Risk Management

**Key internal controls**

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

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

During the year, Global Pandemics has been added to the risk matrix and the necessary controls and actions taken are referred to on page 26.

**Compliance with VCT Tests (Tax Compliance)**

The Company has retained PwC to advise on an ongoing basis its compliance with the legislative requirements relating to VCTs. PwC reviews new investment proposals as appropriate and carries out biannual reviews of the Company's investment portfolio from a VCT regulation perspective, presenting their findings at a meeting. The Committee is very aware of the importance of compliance in this context.

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

**Compliance, whistleblowing and fraud**

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

The Committee invited the Investment Manager's external compliance officer to attend a Committee meeting and report back on any compliance and governance concerns at the Investment Manager. There were no issues to report. Since the Covid-19 lockdown the Committee Chairman has had written confirmation from the same compliance officer that the lockdown has not resulted in any weakening of processes and controls.

**Anti-Bribery Policy**

The Company has maintained a zero-tolerance approach to bribery and during the year the Committee reviewed and updated the Company's Anti-Bribery Policy.

A summary of the anti-bribery policy can be found on page 27 of this report and on the Company's website. A full copy can be obtained from the Company Secretary by sending an email to: unicornaimvct@iscaadmin.co.uk.

**Cyber Security**

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

## 3. Audit

**Internal Audit**

The Committee has not seen the need to introduce an internal audit other than the work done by the Committee itself. The justification for this decision is given in the Corporate Governance Statement on page 39.

**Relationship with the External Auditor**

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

The Committee has also undertaken a review of the External Auditor and the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review, the Committee considered whether the Auditor has:

- demonstrated strong technical knowledge and a clear understanding of the business;
- indicated professional scepticism in key judgements, particularly around unquoted valuations, and raised any significant issues in advance of the audit process commencing;
- an audit team that is appropriately resourced and demonstrates continuity from prior years;
- demonstrated a proactive approach to the audit planning process, engaging with the Committee chairman and other key individuals;
- provided a clear explanation of the scope and strategy of the audit;
- an expectation of clear and prompt communication with the members of the Committee, the Administrator and the Investment Manager and produces comprehensive reports on its findings;

# Audit Committee Report (continued)

- the ability to meet timetables set by the Company;
- maintained independence and objectivity; and
- charged justifiable fees in light of the scope of services provided.

BDO have now completed 19 years as our auditor and it's clear the Company will need to go out to tender in the next 24 months. We have, however, had a partner rotation this year and are satisfied that they remain independent. The external audit strategy document was reviewed and approved by the Committee, after its Chairman had attended an Audit Strategy meeting before the commencement of the year-end audit.

The Committee considered the appointment of the External Auditor and confirmed that it is satisfied with the standard of service received. Should the Committee be dissatisfied, a tender process would be undertaken. A tender was last undertaken when the Company was incorporated in 2001, although there has been more than one rotation of the engagement partner since that date. The Committee has been satisfied with the performance of the External Auditor but, as stated in the Auditor's Report on page 49 and in line with the transitional arrangements under the current Ethical Standard, the External Auditor will need to step down in 2023. The Board will review the appointment of the replacement External Auditor ahead of this date.

**Non-audit services**

The Committee has reviewed the implications of the Financial Reporting Council's (FRC) Revised Ethical Reporting Standard 2019 and as a result has decided to contract other third-party suppliers to carry out these duties. The External Auditor does not undertake any non-audit services for the Company.

Having regard to all of the relevant factors, the Committee has recommended to the Board that, subject to Shareholder approval at the AGM to be held in 2021, BDO LLP be re-appointed as the External Auditor of the Company for the forthcoming year.

**Jeremy Hamer**
Audit Committee Chairman

16 December 2020

# Statement of Directors' Responsibilities

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

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

In preparing these Financial Statements the Directors are required to:

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

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

### Website publication

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

### Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

**For and on behalf of the Board:**

**Tim Woodcock**
Chairman

16 December 2020

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

### Opinion

We have audited the Financial Statements of Unicorn AIM VCT plc (the ‘Company’) for the year ended 30 September 2020 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company’s affairs as at 30 September 2020 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.

### Basis for opinion

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

### Conclusions relating to principal risks, going concern and viability statement

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

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

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

## Key audit matters

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

| Key Audit Matter | How we addressed the key audit matter ("matter") in the Audit |
|---|---|
| **Valuation of investments (Note 1c and 9 to the financial statements)**<br>The investment portfolio is made up of listed and unlisted investments. The listed investments include Main Market listed, AIM listed investments and OEIC investments. The unlisted investments portfolio now represents circa 20% of the total net asset value (NAV) of the Company. Investments represent the most significant balance in the Financial Statements and are the primary driver of returns to Shareholders.<br><br>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations.<br><br>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is responsible for valuing investments for the Financial Statements, there is a potential risk of misstatement of investment valuations. | We responded to this matter by testing the valuation of the portfolio of investments. We performed the following procedures:<br><br>In respect of quoted investment valuations we have:<br>• Confirmed the year-end bid price was used by agreeing all quoted investments to externally quoted prices.<br>• For a sample of investments, assessed if there were contradictory indicators, such as liquidity considerations, from reviewing trading volumes, which would suggest the bid price is not the most appropriate indication of fair value.<br>• Obtained direct confirmations from the custodian regarding all of investments held at the balance sheet date.<br>• Where direct confirmation was not available we performed additional procedures such as contract of sale confirming ownership.<br><br>In respect of unquoted investment valuations we have:<br>• Obtained the most recent financial statements of the underlying investee companies<br>• Formed a determination of whether the valuation methodology is appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines<br>• Re-performed the calculation of investment valuations<br>• Benchmarked key inputs and estimates to independent information, our own research and internal valuation experts<br>• Challenged the assumptions inherent in the valuation of unquoted investments by developing our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased<br>• Assessed the impact of the estimation uncertainty concerning these assumptions<br>• Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation<br><br>**Key observations**<br>Based on the procedures performed we did not identify any indications to suggest that the valuation of the portfolio of investments was materially misstated. |

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

| Key Audit Matter | How we addressed the key audit matter ("matter") in the Audit |
|---|---|
| **Revenue recognition: (Note 1d and 2 to the Financial Statements):**<br>Income is often a key factor in demonstrating the performance of the portfolio. There is a risk that accrued income is not recoverable, that dividend income announced but not received has not been recognised or that the classification of income between revenue and capital is not appropriate. | We derived an independent expectation of income based on the investment holding and information on distributions obtained from independent sources.<br><br>We cross checked the portfolio against corporate actions and special dividends and challenged whether these had been appropriately accounted for as income or capital.<br><br>We assessed the whole population of dividend receipts to identify any items for further investigation that could indicate a capital distribution, by assessing where a dividend represents a threshold higher than 5%.<br><br>We traced a sample of recorded dividend income receipts to bank statements.<br><br>We assessed the recoverability of accrued income balance at the year-end.<br><br>**Key observations:**<br>Based on our procedures performed we did not identify any material exceptions concerning the existence, accuracy, completeness or classification of revenue recognition. |

### Our application of materiality

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

| Materiality measure | Purpose | Key considerations and benchmarks | Quantum (£) |
|---|---|---|---|
| **Financial Statement materiality**<br>(1% of gross investments) | Assessing whether the Financial Statements as a whole present a true and fair view. | • The value of gross investments<br>• The level of judgement inherent in the valuation<br>• The range of reasonable alternative valuations | **£2,400,000**<br>(30 September 2019: £1,925,000) |
| **Performance materiality**<br>(65% of Financial Statement materiality)<br>(30 September 2019: 75% of Financial Statement materiality) | Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions. | • Financial Statement materiality<br>• Risk and control environment<br>• History of prior errors (if any) | **£1,560,000**<br>(30 September 2019: £1,443,000) |
| **Specific materiality – classes of transactions and balances which impact on net realised returns**<br>(5% of gross expenditure)<br>(30 September 2019: 10% of gross expenditure) | Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the Financial Statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements. | • Level of gross expenditure | **£245,000**<br>(30 September 2019: £433,000) |

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £12,000 (2019: £20,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

### An overview of the scope of our audit

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and IFRS accounting standards. We also considered the Company’s qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

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

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- we made enquiries of the existence of legal invoice and correspondence in the period and reviewed any that were applicable;
- review of VCT compliance workings and reports;
- enquiries and representations of management and the Board of Directors;
- agreement of the Financial Statement disclosures to underlying supporting documentation; and
- multi-tier review of the Financial Statements against disclosure checklists.

There are inherent limitations in an audit of Financial Statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor’s Report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of Directors

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

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

### Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors to audit the Financial Statements for the year ended 30 September 2002 and subsequent financial periods. In respect of the year ended 30 September 2020 we were reappointed by the members of the company at the AGM held on 30 January 2020. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 19 years, covering the years ending 30 September 2002 to 30 September 2020 and therefore the last year BDO can act as auditor before a mandatory rotation is required is the year ended 30 September 2023, due to transitional arrangements applied which allow us to act as auditor until then.

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

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

### Use of our report

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

**Justin Chait (Senior Statutory Auditor)**
*For and on behalf of BDO LLP, Statutory Auditor*
London
United Kingdom
16 December 2020

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

# Income Statement

for the year ended 30 September 2020

| | Notes | Year ended 30 September 2020 Revenue £'000 | Capital £'000 | Total £'000 | Year ended 30 September 2019 Revenue £'000 | Capital £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Net unrealised gains/(losses) on investments | 9 | **–** | **50,506** | **50,506** | – | (11,102) | (11,102) |
| Net gains on realisation of investments | 9 | **–** | **337** | **337** | – | 650 | 650 |
| Income | 2 | **1,620** | **–** | **1,620** | 2,700 | 28 | 2,728 |
| Investment management fees | 1f & 3 | **(1,042)** | **(3,126)** | **(4,168)** | (916) | (2,748) | (3,664) |
| Other expenses | 4 | **(747)** | **–** | **(747)** | (772) | – | (772) |
| **(Loss)/profit on ordinary activities before taxation** | | **(169)** | **47,717** | **47,548** | 1,012 | (13,172) | (12,160) |
| Tax on (loss)/profit on ordinary activities | 6 | **–** | **–** | **–** | – | – | – |
| **(Loss)/profit on ordinary activities after taxation for the financial year** | | **(169)** | **47,717** | **47,548** | 1,012 | (13,172) | (12,160) |
| Basic and diluted earnings per share: Ordinary shares | 8 | **(0.12)p** | **34,69p** | **34.57p** | 0.81p | (10.56)p | (9.75)p |

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

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with applicable Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice ("AIC SORP") issued in October 2019 by the Association of Investment Companies.

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

The notes on pages 54 to 69 form part of these financial statements.

# Statement of Financial Position

as at 30 September 2020

**Company number 04266437**

| | Notes | 30 September 2020 £'000 | 30 September 2020 £'000 | 30 September 2019 £'000 | 30 September 2019 £'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investments at fair value | 9 | | **239,566** | | 192,551 |
| **Current assets** | | | | | |
| Debtors | 11 | **916** | | 426 | |
| Cash and cash equivalents | | **21,387** | | 9,393 | |
| | | **22,303** | | 9,819 | |
| **Creditors: amounts falling due within one year** | 12 | **(1,663)** | | (1,254) | |
| **Net current assets** | | | **20,640** | | 8,565 |
| **Net assets** | | | **260,206** | | 201,116 |
| **Capital** | | | | | |
| Called up share capital | 13 | | **1,457** | | 1,307 |
| Capital redemption reserve | | | **56** | | 25 |
| Share premium account | | | **38,320** | | 13,856 |
| Capital reserve | | | **117,421** | | 65,535 |
| Special reserve | | | **98,434** | | 114,297 |
| Profit and loss account | | | **4,518** | | 6,096 |
| **Equity Shareholders' funds** | | | **260,206** | | 201,116 |
| **Net asset value per Ordinary share:** Ordinary shares | 15 | | **178.55p** | | 153.92p |

The financial statements were approved and authorised for issue by the Board of Directors on 16 December 2020 and were signed on their behalf by:

**Tim Woodcock**
Chairman

The notes on pages 54 to 69 form part of these financial statements.

# Statement of Changes in Equity

for the year ended 30 September 2020

| | Called up share capital £'000 | Capital redemption reserve £'000 | Share premium account £'000 | Unrealised capital reserve £'000 | Special reserve* £'000 | Profit and loss account* £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **At 1 October 2019** | **1,307** | **25** | **13,856** | **65,535** | **114,297** | **6,096** | **201,116** |
| Shares repurchased for cancellation and cancelled (see Note 13) | **(31)** | **31** | **–** | **–** | **(4,147)** | **–** | **(4,147)** |
| Shares issued under Offer for Subscription (see Note 13) | **178** | **–** | **24,570** | **–** | **–** | **–** | **24,748** |
| Expenses of shares issued under Offer for Subscription (see Note 14) | **–** | **–** | **(583)** | **–** | **–** | **–** | **(583)** |
| Proceeds from DRIS share issues | **3** | **–** | **507** | **–** | **–** | **–** | **510** |
| Expenses of DRIS share issues | **–** | **–** | **(30)** | **–** | **–** | **–** | **(30)** |
| Transfer to special reserve | **–** | **–** | **–** | **–** | **(7,295)** | **7,295** | **–** |
| Gains on disposal of investments (net of transaction costs) | **–** | **–** | **–** | **–** | **–** | **337** | **337** |
| Realisation of previously unrealised valuation movements | **–** | **–** | **–** | **1,380** | **–** | **(1,380)** | **–** |
| Net increases in unrealised valuations in the year | **–** | **–** | **–** | **50,506** | **–** | **–** | **50,506** |
| Dividends paid (Note 7) | **–** | **–** | **–** | **–** | **(4,421)** | **(4,535)** | **(8,956)** |
| Investment Management fee charged to capital | **–** | **–** | **–** | **–** | **–** | **(3,126)** | **(3,126)** |
| Revenue return for the year | **–** | **–** | **–** | **–** | **–** | **(169)** | **(169)** |
| **At 30 September 2020** | **1,457** | **56** | **38,320** | **117,421** | **98,434** | **4,518** | **260,206** |
| At 1 October 2018 | 1,172 | 99 | 106,325 | 80,152 | 7,401 | 6,279 | 201,428 |
| Shares repurchased for cancellation and cancelled | (32) | 32 | – | – | (4,430) | – | (4,430) |
| Shares issued under Offer for Subscription | 167 | – | 24,726 | – | – | – | 24,893 |
| Expenses of shares issued under Offer for Subscription | – | – | (570) | – | – | – | (570) |
| Cancellation of Share premium account and Capital redemption reserve | – | (106) | (116,625) | – | 116,731 | – | – |
| Transfer to special reserve | – | – | – | – | (5,405) | 5,405 | – |
| Gains on disposal of investments (net of transaction costs) | – | – | – | – | – | 650 | 650 |
| Realisation of previously unrealised valuation movements | – | – | – | (3,515) | – | 3,515 | – |
| Capital dividend received | – | – | – | – | – | 28 | 28 |
| Net decreases in unrealised valuations in the year | – | – | – | (11,102) | – | – | (11,102) |
| Dividends paid (Note 7) | – | – | – | – | – | (8,045) | (8,045) |
| Investment Management fee charged to capital | – | – | – | – | – | (2,748) | (2,748) |
| Revenue return for the year | – | – | – | – | – | 1,012 | 1,012 |
| At 30 September 2019 | 1,307 | 25 | 13,856 | 65,535 | 114,297 | 6,096 | 201,116 |

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

The notes on pages 54 to 69 form part of these financial statements.

# Statement of Cash Flows

for the year ended 30 September 2020

| | Notes | 30 September 2020 £'000 | 30 September 2020 £'000 | 30 September 2019 £'000 | 30 September 2019 £'000 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Investment income received | | **1,638** | | 2,657 | |
| Investment management fees paid | | **(3,936)** | | (2,691) | |
| Other cash payments | | **(757)** | | (855) | |
| **Net cash outflow from operating activities** | 16 | | **(3,055)** | | (889) |
| **Investing activities** | | | | | |
| Purchase of investments | 9 | **(6,910)** | | (23,115) | |
| Sale of investments | 9 | **10,239** | | 20,270 | |
| **Net cash inflow/(outflow) from investing activities** | | | **3,329** | | (2,845) |
| **Net cash inflow/(outflow) before financing** | | | **274** | | (3,734) |
| **Financing** | | | | | |
| Dividends paid | 7 | **(8,446)** | | (8,045) | |
| Shares issued under Offer for Subscription (net of transaction costs) | 14 | **24,343** | | 24,323 | |
| Expenses of DRIS share issues | | **(30)** | | – | |
| Shares repurchased for cancellation | 13 | **(4,147)** | | (4,430) | |
| **Net cash inflow from financing** | | | **11,720** | | 11,848 |
| **Net increase in cash and cash equivalents** | | | **11,994** | | 8,114 |
| Cash and cash equivalents at 30 September 2019 | | | **9,393** | | 1,279 |
| Cash and cash equivalents at 30 September 2020 | | | **21,387** | | 9,393 |

The notes on pages 54 to 69 form part of these financial statements.

# Notes to the Financial Statements

for the year ended 30 September 2020

## 1. Accounting policies

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

### a) Basis of accounting

The Financial Statements have been prepared under FRS 102 and the SORP issued by the Association of Investment Companies in October 2019.

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

The Financial Statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments designated as fair value through profit or loss. The Directors' assessment of the Company as a going concern is given on page 32.

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

### b) Presentation of the Income Statement

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

### c) Investments

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

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

### d) Income

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

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

### e) Capital reserves

(i) Realised (included within the Profit and loss account reserve)

The following are accounted for in this reserve:

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

(ii) Unrealised capital reserve (Revaluation reserve)

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

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

(iii) Special reserve

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

### f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are charged to capital, and with the further exception that 75% of the fees payable to the Investment Manager are charged against capital. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

### g) Taxation

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

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

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

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

### h) Cash and cash equivalents

This includes cash at bank and in hand.

### i) Judgements and estimates

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 2. Income

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Income from investments | | | | | | |
| – equities | 1,418 | – | 1,418 | 2,432 | 28 | 2,460 |
| – loan stocks | 39 | – | 39 | 36 | – | 36 |
| – bank interest | 11 | – | 11 | 16 | – | 16 |
| – Unicorn managed OEICs (including reinvested dividends) | 152 | – | 152 | 216 | – | 216 |
| Total income | 1,620 | – | 1,620 | 2,700 | 28 | 2,728 |
| Total income comprises: | | | | | | |
| Dividends | 1,570 | – | 1,570 | 2,648 | 28 | 2,676 |
| Interest | 50 | – | 50 | 52 | – | 52 |
| | 1,620 | – | 1,620 | 2,700 | 28 | 2,728 |
| Income from investments comprises: | | | | | | |
| Listed UK securities | 312 | – | 312 | 866 | – | 866 |
| Unlisted UK securities (AIM and unquoted companies) | 1,308 | – | 1,308 | 1,834 | 28 | 1,862 |
| | 1,620 | – | 1,620 | 2,700 | 28 | 2,728 |

## 3. Investment Management fees

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Unicorn Asset Management Limited | 1,042 | 3,126 | 4,168 | 916 | 2,748 | 3,664 |

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, up to net assets of £200 million and 1.5% of net assets in excess of £200 million. If the Company raises further funds during a quarter the net asset value for that quarter is reduced by an amount equal to the amount raised, net of costs, multiplied by the percentage of days in that quarter prior to the funds being raised. The annual management fee charged to the Company is calculated and payable quarterly in arrears. In the year ended 30 September 2020, UAML also earned fees of £46,500 (2019: £37,000), being OEIC management fees calculated on the value of the Company's holdings in each OEIC on a daily basis. This management fee is 0.75% per annum of the OEIC value for each of Unicorn UK Smaller Companies OEIC, Unicorn UK Growth OEIC (formerly Unicorn Free Spirit OEIC) and Unicorn UK Ethical Fund OEIC.

The management fee will be subject to repayment to the extent that the annual costs of the Company incurred in the ordinary course of business have exceeded 2.75% of the closing net assets of the Company at each year end. There was no excess of expenses for year 2019/20 or the prior year.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 4. Other expenses

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Directors' remuneration (see Note 5 below) | **130** | 118 |
| IFA trail commission | **158** | 148 |
| Administration services | **165** | 165 |
| Broker's fees | **14** | 14 |
| Custody fees | **50** | 51 |
| Auditors' fees | | |
| – for audit related services pursuant to legislation excluding VAT | **32** | 27 |
| VCT compliance monitoring fees | **15** | 11 |
| Other professional fees (including taxation fees) | **14** | 84 |
| Directors' and officers' insurance | **6** | 6 |
| Registrar's fees | **70** | 58 |
| Printing | **27** | 28 |
| Sundry | **66** | 62 |
| | **747** | 772 |

## 5. Directors' remuneration

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **Directors' emoluments** | | |
| Tim Woodcock (appointed 10 June 2019) | **29** | 7 |
| Charlotta Ginman | **26** | 25 |
| Jeremy Hamer | **29** | 28 |
| Jocelin Harris | **28** | 28 |
| Peter Dicks (retired 18 May 2020) | **18** | 30 |
| | **130** | 118 |

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

The Company has no employees.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 6. Taxation on ordinary activities

### a) Analysis of tax charge in the year

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Current and total tax charge (Note 6b) | – | – |

### b) Factors affecting tax charge for the year:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Profit/(loss) on ordinary activities before tax | **47,548** | (12,160) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | **9,034** | (2,310) |
| Non-taxable UK dividend income | **(298)** | (508) |
| Non-taxable unrealised (gains)/losses | **(9,596)** | 2,109 |
| Non-taxable realised gains | **(64)** | (124) |
| Allowable expense not charged to revenue | **594** | 522 |
| Deferred tax not recognised | **330** | 311 |
| Actual current charge – revenue | **–** | – |
| Impact of allowable expenditure credited to capital reserve | **(594)** | (522) |
| Additional losses carried forward to future years | **594** | 522 |
| Actual tax charge – capital | **–** | – |
| Tax charge for the year | **–** | – |

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

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

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The amount of surplus management expenses carried forward is £36,151,000 (30 September 2019: £31,288,000).

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 7. Dividends

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **Amounts recognised as distributions to equity holders in the year:** | | |
| Interim capital dividend of 3.0 pence (2019: 2.8 pence) per share for the year ended 30 September 2020 paid on 12 August 2020 | 4,421 | 3,698 |
| Interim income dividend of nil pence (2019: 0.2 pence) per share for the year ended 30 September 2020 paid on 12 August 2020 | – | 264 |
| Final capital dividend of 3.0 pence (2019: 2.5 pence) per share for the year ended 30 September 2019 paid on 6 February 2020 | 3,903 | 2,916 |
| Final income dividend of 0.5 pence (2019: 1.0 pence) per share for the year ended 30 September 2019 paid on 6 February 2020 | 650* | 1,167 |
| Total dividends paid in the year# | 8,974 | 8,045 |
| Unclaimed dividends returned | (18) | – |
| Total dividends | 8,956 | 8,045 |

* The amount paid in dividends for 2019 differs from that shown in last years Annual Report as 572,375 shares were bought back between 15 October 2019 and the record date of 9 January 2020.

# The difference between total dividends and that shown in the Cash Flow Statement is £510,000, which is the amount of dividends reinvested under the DRIS.

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

Set out below are the total income dividends payable in respect of the 2019/20 financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Revenue available for distribution by way of dividends for the year | (169) | 1,012 |
| Interim income dividend paid of nil pence (2019: 0.2 pence) | – | 264 |
| Proposed final income dividend of nil pence (2019: 0.5 pence) for the year ended 30 September 2020 | – | 652 |

## 8. Basic and diluted earnings and return per share

| | 2020 | 2019 |
|---|---|---|
| Total earnings after taxation: (£'000) | 47,548 | (12,160) |
| **Basic and diluted earnings per share (Note a) (pence)** | 34.57 | (9.75) |
| Net revenue from ordinary activities after taxation (£'000) | (169) | 1,012 |
| **Revenue earnings per share (Note b) (pence)** | (0.12) | 0.81 |
| Total capital return (£'000) | 47,717 | (13,172) |
| **Capital earnings per share (Note c) (pence)** | 34.69 | (10.56) |
| Weighted average number of shares in issue during the year | 137,556,594 | 124,761,066 |

Notes

a) Basic and diluted earnings per share is total earnings after taxation divided by the weighted average number of shares in issue during the year.

b) Revenue earnings per share is net revenue after taxation divided by the weighted average number of shares in issue during the year.

c) Capital earnings per share is total capital return divided by the weighted average number of shares in issue during the year.

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 9. Investments at fair value

| | Fully listed £'000 | Traded on AIM £'000 | Unlisted shares £'000 | Unlisted loan stock £'000 | Unicorn OEIC funds £'000 | 2020 Total £'000 | 2019 Total £'000 |
|---|---|---|---|---|---|---|---|
| Opening book cost at 30 September 2019 | 19,726 | 95,312 | 15,109 | 300 | 5,755 | **136,202** | 127,340 |
| Unrealised (losses)/gains at 30 September 2019 | (331) | 44,747 | 20,357 | – | 762 | **65,535** | 80,151 |
| Permanent impairment in value of investments | – | (6,819) | (2,367) | – | – | **(9,186)** | (7,439) |
| Opening valuation at 30 September 2019 | 19,395 | 133,240 | 33,099 | 300 | 6,517 | **192,551** | 200,052 |
| Shares delisted | – | (2,310) | 2,310 | – | – | **–** | – |
| Purchases at cost | – | 5,909 | 500 | 500 | 20 | **6,929** | 23,144 |
| Sale proceeds | (3,566) | (6,373) | (524) | (300) | – | **(10,763)** | (20,270) |
| Net realised (losses)/gains | (696) | 1,356 | (317) | – | – | **343** | 727 |
| (Decrease)/increase in unrealised gains | (4,439) | 32,428 | 23,378 | – | (861) | **50,506** | (11,102) |
| Closing valuation at 30 September 2020 | 10,694 | 164,250 | 58,446 | 500 | 5,676 | **239,566** | 192,551 |
| Book cost at 30 September 2020 | 15,211 | 91,508 | 16,338 | 500 | 5,775 | **129,332** | 136,202 |
| Unrealised (losses)/gains at 30 September 2020 | (4,517) | 79,561 | 42,475 | – | (99) | **117,420** | 65,535 |
| Permanent impairment in value of investments (see note) | – | (6,819) | (367) | – | – | **(7,186)** | (9,186) |
| Closing valuation at 30 September 2020 | 10,694 | 164,250 | 58,446 | 500 | 5,676 | **239,566** | 192,551 |

Transaction costs on the purchase and disposal of investments of £6,000 were incurred in the year. These have not been deducted from realised gains shown above of £343,000, but have been deducted in arriving at gains on realisation of investments disclosed in the Income Statement of £337,000.

The shares delisted during the year relates to Brady (£17,000), LightwaveRF (£1,451,000), Reach4Entertainment (£nil) and Synnovia (£842,000).

Note: Permanent impairments of £7,186,000 continue to be held in respect of losses on quoted investments held at the year end. There were no additional impairments provided for in the year. The reduction in impairments of £2,000,000 relates to Blue Inc. which was dissolved in August 2019.

### Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flows is £19,000 which represents the reinvested dividends on the Unicorn Ethical Fund. The difference between the sale proceeds in Note 9 and that shown in the Cash Flows is £524,000 which represents a trade outstanding for settlement which is shown in debtors.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 10. Significant interests

At 30 September 2020 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

| Stock | Equity investment (ordinary shares) £'000 | Investment in loan stock and preference shares £'000 | Total investment (at cost) £'000 | Percentage of investee company's total equity % |
|---|---|---|---|---|
| Hasgrove | 1,329 | – | 1,329 | 21.0 |
| Feedback | 2,000 | – | 2,000 | 18.8 |
| LightwaveRF | 2,616 | – | 2,616 | 17.3 |
| Microsaic Systems | 1,500 | – | 1,500 | 16.4 |
| ECSC Group | 2,420 | – | 2,420 | 14.5 |
| nkoda | 2,500 | – | 2,500 | 12.4 |
| Surface Transforms | 2,646 | – | 2,646 | 10.9 |
| British Honey Company (The) | 1,001 | – | 1,001 | 9.6 |
| Access Intelligence | 3,232 | – | 3,232 | 9.1 |
| Directa Plus | 3,800 | – | 3,800 | 8.7 |
| Anpario | 1,516 | – | 1,516 | 8.6 |
| PHSC | 253 | – | 253 | 8.5 |
| HML Holdings | 446 | – | 446 | 8.1 |
| Dillistone Group | 1,078 | – | 1,078 | 8.1 |
| Immotion Group | 2,250 | – | 2,250 | 7.7 |
| Trackwise Designs | 1,750 | – | 1,750 | 7.5 |
| Heartstone Inns | 1,113 | – | 1,113 | 7.3 |
| Osirium Technologies | 2,000 | 500 | 2,500 | 7.1 |
| Wey Education | 2,150 | – | 2,150 | 7.1 |
| Phynova | 1,500 | – | 1,500 | 6.9 |
| VR Education Holdings | 1,588 | – | 1,588 | 6.6 |
| Falanx Group | 1,500 | – | 1,500 | 6.4 |
| Avingtrans | 1,864 | – | 1,864 | 6.1 |
| Hardide | 2,054 | – | 2,054 | 6.0 |
| Belvoir Group | 2,362 | – | 2,362 | 5.8 |
| ULS Technology | 1,500 | – | 1,500 | 5.8 |
| Tracsis | 1,500 | – | 1,500 | 5.7 |
| Fusion Antibodies | 1,160 | – | 1,160 | 5.5 |
| Interactive Investor | 3,447 | – | 3,447 | 4.6 |
| MaxCyte | 3,617 | – | 3,617 | 3.9 |
| Bonhill Group | 3,160 | – | 3,160 | 3.8 |
| Mattioli Woods | 1,627 | – | 1,627 | 3.5 |
| Tristel | 878 | – | 878 | 3.5 |
| Touchstar Technologies | 337 | – | 337 | 3.4 |
| PCI-PAL | 900 | – | 900 | 3.4 |
| Totally | 3,106 | – | 3,106 | 3.2 |
| Driver Group | 1,113 | – | 1,113 | 3.1 |
| Pressure Technologies | 1,142 | – | 1,142 | 3.1 |
| Augean | 1,576 | – | 1,576 | 3.0 |

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

At 30 September 2020, the Company held 2.2% of the B shares issued by Unicorn UK Smaller Companies Fund, 1.8% of the B shares issued by the Unicorn UK Growth Fund, 14.1% of the Income B shares and 1.8% of the Accumulation B shares issued by the Unicorn UK Ethical Income Fund. Unicorn UK Smaller Companies Fund, Unicorn UK Growth Fund and Unicorn UK Ethical Income Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

The total percentage of equity held in the Company's investments by funds managed by UAML is disclosed in the Investment Portfolio Summary on pages 10 to 15 of this Report.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 11. Debtors

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **Amounts due within one year:** | | |
| Trade for future settlement | 524 | – |
| Prepayments and accrued income | 392 | 426 |
| | 916 | 426 |

## 12. Creditors: amounts falling due within one year

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Accruals | 1,663 | 1,254 |
| | 1,663 | 1,254 |

## 13. Called up share capital

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **Allotted, called-up and fully paid:** | | |
| Ordinary shares of 1p each: 145,732,541 (2019: 130,660,071) | 1,457 | 1,307 |

During the year, the Company made purchases of 3,072,006 (a total of £30,720 nominal value) of its own Ordinary shares for a total cost of £4,147,000 representing 2.4% of the opening share capital.

In February 2020, the Company announced an Offer for Subscription which remained open until 11 June 2020. The Company allotted 17,832,898 Ordinary shares representing 13.6% of the opening share capital at prices ranging from 131.0 pence per share to 171.4 pence per share, raising net funds of £24,165,000 from gross funds raised of £24,748,000.

During the year, the Company allotted 311,578 Ordinary shares at an average price of 163.63 pence per share under the DRIS.

## 14. Reserves

The full details of the changes in reserves are shown in the Statement of Changes in Equity on page 52.

The purpose of the Special reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the Shareholders, make distributions and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. Included in the transfer to the Special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year of £4,169,000.

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

The Statement of Cash Flows discloses an inflow of funds of £24,343,000 being shares issued under the Offer for Subscription of £24,748,000, less expenses of shares issued under the Offer for Subscription of £405,000. Total expenses were £583,000, being 2.5% of amounts subscribed under the Offer less any discount, payable to the Investment Manager as Promoter to the Offer. At the year end there was £178,000 payable to the promoter which is included in creditors.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 15. Net asset value

| | 2020 | 2019 |
|---|---|---|
| Net Assets | £260,206,000 | £201,116,000 |
| Number of shares in issue | 145,732,541 | 130,660,071 |
| Net asset value per share | 178.55p | 153.92p |

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

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Profit/(loss) for the year | 47,548 | (12,160) |
| Net unrealised (gains)/losses on investments | (50,506) | 11,102 |
| Net gains on realisation of investments | (337) | (650) |
| Transaction costs | (6) | (77) |
| Decrease/(increase) in debtors and prepayments | 34 | (39) |
| Increase in creditors and accruals | 231 | 964 |
| Reconciling items – dividends reinvested | (19) | (29) |
| Net cash outflow from operating activities | (3,055) | (889) |

## 17. Financial instruments

The Company's financial instruments comprise:

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

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

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

### Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2020. All assets are included in the Statement of Financial Position at fair value and all liabilities at amortised cost which equates to fair value.

| | 2020 (Book and fair value) £'000 | 2019 (Book and fair value) £'000 |
|---|---|---|
| **Assets at fair value through profit or loss:** | | |
| Investment portfolio | 239,566 | 192,551 |
| Trade for future settlement | 524 | – |
| **Loans and receivables** | | |
| Accrued income | 377 | 414 |
| Cash at bank | 21,387 | 9,393 |
| **Liabilities at amortised cost or equivalent** | | |
| Creditors | (1,663) | (1,254) |
| Total for financial instruments | 260,191 | 201,104 |
| Non-financial instruments | 15 | 12 |
| Total net assets | 260,206 | 201,116 |

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

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

The investment portfolio has a high concentration of risk towards small, UK based companies, the majority of which are quoted on the Sterling denominated UK AIM market (63.1% of net assets), within the OEIC funds managed by UAML (2.2% of net assets), unquoted investments 22.6% of net assets) and fully listed shares (4.1% of net assets).

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

### Risk

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

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

The Company's maximum exposure to credit risks at 30 September 2020 was:

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Loan stock investments | **500** | 300 |
| Trade for future settlement | **524** | – |
| Accrued income and other debtors | **377** | 414 |
| Cash at bank | **21,387** | 9,393 |
| | **22,788** | 10,107 |

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

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| **Repayable or converting within** | | |
| 0 to 1 year | **–** | 300 |
| 1 to 2 years | **–** | – |
| 2 to 3 years | **–** | – |
| 3 to 4 years | **–** | – |
| 4 to 5 years | **500** | – |
| Total | **500** | 300 |

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

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

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

| | 2020 £'000 | 2019 £'000 |
|---|---|---|
| Within 1 year or less | **1,663** | 1,254 |

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

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

### Management of risk

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

The Company holds investments totalling £5.7 million (2019: £6.5 million) in three OEICs managed by UAML, £4.0 million in the Unicorn UK Ethical Fund, £0.9 million in the Unicorn UK Growth Fund and £0.8 million in the Unicorn UK Smaller Companies Fund.

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

As at 30 September 2020, the Unicorn UK Growth Fund's portfolio contained stocks where 57.4% by value were in AIM listed stocks, and 36.3% is in fully listed stocks with an average market capitalisation of £1.1 billion; the Unicorn UK Smaller Companies Fund contained 49.9% by value on AIM and 46.5% in fully listed stocks with an average market capitalisation of £403 million; and the Unicorn UK Ethical Income Fund contained 17.3% in AIM shares and 78.8% in fully listed stocks with an average market capitalisation of £1.3 billion.

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

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

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

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

### Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2020 was:

| | Financial net assets on which no interest paid £'000 | Fixed rate financial assets £'000 | Variable rate financial assets £'000 | Total £'000 | Weighted average interest rate % | Average period to maturity (years) |
|---|---|---|---|---|---|---|
| Equity shares | 233,121 | – | – | 233,121 | N/A | N/A |
| Preference shares | – | 269 | – | 269 | 9.25 | N/A |
| Unicorn OEICs | 5,676 | – | – | 5,676 | N/A | N/A |
| Loan stocks | – | 500 | – | 500 | 7.50 | 4.1 |
| Cash | 3 | – | 21,384 | 21,387 | N/A | N/A |
| Debtors | 901 | – | – | 901 | N/A | N/A |
| Creditors | (1,663) | – | – | (1,663) | N/A | N/A |
| Total for financial instruments | 238,038 | 769 | 21,384 | 260,191 | | |
| Other non financial assets | 15 | – | – | 15 | | |
| Total net assets | 238,053 | 769 | 21,384 | 260,206 | | |

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

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

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

### Sensitivity analysis

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

For this purpose the investments in the OEICs managed by UAM are also included in this analysis. The Financial Highlights and the Investment Portfolio Summary at the front of this Annual Report give Shareholders further analysis in percentages of investments by asset class and market sector, and page 65 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. Shareholders should note that this level of correlation would not be the case in reality.

| | 2020 Profit and net assets | 2019 Profit and net assets |
|---|---|---|
| **If overall share prices rose/fell by 20% (2019: 20%), with all other variables held constant** | | |
| – increase/(decrease) (£'000) | **47,813/(47,813)** | 38,450/(38,450) |
| Increase/(decrease) in earnings, and net asset value, per Ordinary share (pence) | **32.81/(32.81)** | 29.43/(29.43) |
| **If interest rates were 1% higher/(lower)** (2019: 1%), with all other variables held constant | | |
| – increase/(decrease) (£'000) | **219/(5)** | 94/(3) |
| Increase/(decrease) in earnings, and net asset value, per Ordinary share (pence) | **0.15/(0.00)** | 0.01/(0.00) |

### Fair value hierarchy

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

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

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

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

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

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

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

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

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

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

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

| | Equity Investments £'000 | Loan stock investments £'000 | Total £'000 |
|---|---|---|---|
| **Opening balance at 1 October 2019** | 33,099 | 300 | 33,399 |
| Shares delisted | 2,310 | – | 2,310 |
| Purchases | 500 | 500 | 1,000 |
| Sales | (524) | (300) | (824) |
| Total gains included in gains/(losses) on investments in the Income Statement: | | | |
| – on assets sold | (317) | – | (317) |
| – on assets held at the year end | 23,378 | – | 23,378 |
| **Closing balance at 30 September 2020** | **58,446** | **500** | **58,946** |

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

| | 30 September 2020 £'000 | 30 September 2019 £'000 |
|---|---|---|
| **Investment valuation methodology** | | |
| Cost (reviewed for impairment) | **500** | 1,550 |
| Net asset value | **716** | 1,161 |
| Price of recent transaction | **34** | 950 |
| Discounted price of recent transaction | **57,696** | 817 |
| Earnings multiple | – | 14,319 |
| Revenue/earnings multiple | – | 14,602 |
| | **58,946** | 33,399 |

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

Details of unquoted investments are shown in the Investment Portfolio Summary on pages 13 and 15 and in the Unquoted Investments Summary on page 16.

# Notes to the Financial Statements (continued)

for the year ended 30 September 2020

## 18. Management of capital

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

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

There is limited scope to alter the Company's capital structure in the light of changing perceived risks in the Company's investment universe and in economic conditions generally. The Board may issue new shares if promising opportunities are available to the Investment Manager. As stated on page 22, the Board has the power to borrow in order to add some gearing but has no current intention to do so.

## 19. Segmental analysis

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

## 20. Post balance sheet events

The Company was advised on 30 October 2020 that it's shareholding in Synnovia had been compulsory purchased following a takeover in January 2020.

## 21. Related party transactions

Details of the relationships between the Directors of the Company and Investee Companies are given in their biographies on pages 29 and 30.

## 22. Capital commitments and contingent liabilites

There were no capital commitments or contingent liabilites at 30 September 2020 (2019: nil).

# Shareholder Information

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

### Electronic Communications

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

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

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

### Net asset value per share

The Company normally announces its unaudited NAV on a monthly basis.

### Dividend

The Directors have proposed a final dividend of 3.5 pence per share. Subject to Shareholder approval, the dividend will be paid on 11 February 2021 to Shareholders on the Register on 8 January 2021.

The Board has made the decision that after the payment of the dividend in February 2021 the Company will move to paying all cash dividends by bank transfer rather than by cheque.

Shareholders will have the following options available for future dividends:

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

For those Shareholders who currently receive their dividend by cheque a bank mandate form will be included with the dividend payment in February 2021. The mandate form will also be available on the Company's website. Once completed the form should be sent to the Company's Registrars, City Partnership at the address shown on page 74. If Shareholders have any questions regarding the completion of the form they are advised to contact the City Partnership on 01484 240910 or by email: registrars@city.uk.com.

### Dividend Reinvestment Scheme

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

### Financial calendar

| | |
|---|---|
| December 2020 | Circulation of Annual Report for the year ended 30 September 2020 to Shareholders |
| 8 January 2021 | Record date for Shareholders to be eligible for final dividend |
| 4 February 2021 | Annual General Meeting |
| 11 February 2021 | Payment date for final dividend subject to Shareholder approval at the Annual General Meeting |
| 31 March 2021 | Half-year end |
| May 2021 | Announcement of Half-Yearly Results |
| June 2021 | Circulation of Half-Yearly Report for the six months ending 31 March 2021 to Shareholders |
| August 2021 | Payment of interim dividend |
| 30 September 2021 | Year end |
| December 2021 | Announcement of final results for the year ending 30 September 2021 |

### Annual General Meeting

The nineteenth Annual General Meeting (AGM) of the Company will be held on 4 February 2021. Due to ongoing restrictions following the Covid-19 pandemic this meeting will be held behind closed doors and Shareholders will not be admitted to the meeting or online. Voting on all Resolutions will be conducted on a poll based on proxy votes submitted.

The Notice of the meeting is included on pages 75 to 79 of this Annual Report and a separate proxy form has been included with Shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, The City Partnership (UK) Limited, at the address given on the form, to arrive no later than 11.30am on Tuesday, 2 February 2021. Please note that you can vote your shares electronically at https://proxy-unicorn.cpip.io/.

### Shareholder enquiries:

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

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

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

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

### Information rights for beneficial owners of shares

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

# Glossary

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

**Alternative performance measures**
A financial measure of historical or future performance or financial position shown in the Key Performance Indicators on pages 19 and 20.

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

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

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

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

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

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

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

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

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

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

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

The ratio is calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in Shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future. The costs of trail commission paid to intermediaries of £0.2 million is not included in this calculation.

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

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

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

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

# Summary of VCT Regulations

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

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

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

**Since 6 April 2019:**

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

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

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

**In addition, VCTs may not:**

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

* VCT tax value means as valued in accordance with prevailing VCT legislation. The value of an investment when acquired, rebased if the holding is added to, which causes an increase or decrease in its value. This may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 10 to 15.

# Corporate Information

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

**Registered office:**
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS

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

**Company Registration Number**
04266437

**Legal Entity Identifier**
21380057QDV7D34E9870

**Website**
www.unicornaimvct.co.uk

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

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

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

**Auditor**
BDO LLP
55 Baker Street
London W1U 7EU

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

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

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

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

## UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

# Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the nineteenth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Thursday, 4 February 2021 at the offices of Unicorn Asset Management, Preacher's Court, The Charterhouse, Charterhouse Square, London EC1M 6AU for the purposes of considering the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 and 12 will be proposed as special resolutions. The rationale for the re-election of each Director is given on pages 29 and 30.

**As previously stated, due to Covid-19 restrictions Shareholders will not be permitted to attend the meeting in person and are encouraged to vote using their proxy card or online.**

1. To receive and adopt the audited Annual Report and Accounts of the Company for the year ended 30 September 2020 ("Annual Report"), together with the Directors' Report and Auditor's report thereon.

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

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

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

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

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

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

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

9. To approve the payment of a final dividend in respect of the year ended 30 September 2020 of 3.5 pence per ordinary share of 1p each, payable on 11 February 2021 to Shareholders on the register on 8 January 2021.

10. That, in substitution for any existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1p each in the Company ("Shares") and to grant rights to subscribe for, or convert any security into, Shares ("Rights") up to an aggregate nominal value of £728,662, provided that the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2022, but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the Directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this Resolution 10 had not expired.

11. That, subject to the passing of Resolution 10 set out in this notice and in substitution for any existing authorities, the Directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred upon them by Resolution 10 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:

    (i) the allotment and issue of equity securities with an aggregate nominal value of up to, but not exceeding, £582,930 in connection with offer(s) for subscription; and

    (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time,

    in each case where the proceeds may be used, in whole or part, to purchase the Company's Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at conclusion of the Annual General Meeting to be held in 2022, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

## UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

# Notice of the Annual General Meeting (continued)

12. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own Shares on such terms and in such manner as the Directors of the Company may determine (either for cancellation or for the retention as treasury shares for future re-issue or transfer), provided that:

    (i) the aggregate number of Shares which may be purchased shall not exceed 21,845,307 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing this resolution;

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

    (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);

    (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2022; and

    (v) the Company may make a contract or contracts to purchase its own Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

**By order of the Board**

**ISCA Administration Services Limited**
Company Secretary

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

16 December 2020

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

# Notice of the Annual General Meeting (continued)

**As explained above, Shareholders will not be permitted to attend the AGM in person and are strongly encouraged to appoint a proxy to exercise their rights to vote on their behalf at the AGM. Shareholders are strongly encouraged to appoint the "Chair of the meeting" as their proxy, rather than a named person who will not be permitted to attend the meeting. Details on how to appoint a proxy can be found below.**

### Notes

(i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

(ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

(iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or to request additional copies of the proxy form contact the Company's Registrars, The City Partnership (UK) Limited, on +44 (0)1484 240 910 (lines are open between 9.00 am and 5.30 pm Monday to Friday, calls are charged at standard geographic rates and will vary by provider). Calls outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and call may be recorded and randomly monitored for security and training purposes. For legal reasons The City Partnership (UK) Limited will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

(iv) The statement of the rights of members in relation to the appointment of proxies in paragraphs (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

(v) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

(vi) If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

(vii) A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH, so as to be received not later than 11.30am on Tuesday, 2 February 2021 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

(viii) If you prefer, you may return the proxy form to The City Partnership (UK) Limited in an envelope addressed to The City Partnership (UK) Limited, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

# Notice of the Annual General Meeting (continued)

(ix) Please note that you can vote your shares electronically at https://proxy-unicorn.cpip.io/

(x) Appointment of a proxy or CREST proxy instruction, subject to the stated attendance restrictions, will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy.

(xi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(xii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID 8RA57) by 11.30am on Tuesday, 2 February 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(xiii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(xiv) As at 15 December 2020 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 145,732,541 ordinary shares of 1p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 15 December 2020 was 145,732,541.

(xv) The Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

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

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

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

# Notice of the Annual General Meeting (continued)

(xviii) At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; a) to do so would interfere unduly with the conduct of the meeting or would involve the disclosure of confidential information, b) the information has been given on the Company's website: www.unicornaimvct.co.uk in the form of an answer to a question, or c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(xix) Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website: www.unicornaimvct.co.uk.

(xx) Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

(xxi) This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 15 December 2020 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: www.unicornaimvct.co.uk.

# Notes

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