Annual Report and Accounts

for the year ended 30 September 2013

UNICORN
AIM VCT PLC

Investment Objective

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

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this at least 70% of the Company's total assets are to be invested in qualifying investments of which 30% by value must be in ordinary shares carrying no preferential rights to dividends or return of capital and no rights to redemption.

Contents

Financial Highlights
for the year ended 30 September 2013

- Net asset value total return for the year ended 30 September 2013 was 31.8%
- Dividend of 6p proposed, an increase of 20% over last year
- Offer for subscription to raise £20 million launched

Fund Performance

Ordinary Shares	Total assets (£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)
30th September 2013	73.7	129.8	14.0	143.8	111.0
31st March 2013	61.9	108.5	14.0	122.5	89.3
30th September 2012	59.0	102.3	9.0	111.3	86.0
31st March 2012	56.6	97.4	9.0	106.4	70.0

* The Board has recommended a dividend of 6.0p per share for the year ended 30 September 2013. If approved by shareholders, this payment will bring total dividends paid since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010 to 20p.

**Since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010.

Portfolio Summary

Allocation of qualifying investments by market sector

	As at 30 September 2013 %	As at 30 September 2012 %
Pharmaceutical & biotechnology	28.97	31.13
Software & computer services	23.95	23.74
Support services	7.97	5.41
Industrial engineering	8.05	5.78
Financial services	7.42	6.40
Healthcare equipment & services	4.98	8.33
Aerospace & defence	4.45	4.40
Farming & fishing	4.65	4.44
Food & drug retailers	3.13	2.52
Media	2.75	2.24
Industrial transportation	1.75	0.69
Real estate investment & services	1.73	1.54
Technology hardware & equipment	0.18	0.37
Fixed Line Telecommunications	0.02	0.12
Food producers	–	2.30
Electronic & electrical equipment	–	0.59
Total	**100.00**	**100.00**

Chairman's Statement

I am pleased to present the twelfth Annual Report of the Company for the financial year ended 30 September 2013.

Investment Performance Review

The Company has made significant progress over the past twelve months, resulting in a NAV total return for the year of 31.8%. The performance of the investment portfolio has been robust, reflecting increasing share prices from a substantial proportion of the investee companies. In the final quarter of the period under review, there has also been a marked improvement in the performance of the FTSE AIM All-Share Index. The improvement in index performance appears to have been triggered by helpful legislative changes specific to AIM listed companies, combined with a gradual improvement in investor sentiment as the UK economy began to grow again.

Having endured a prolonged period of recession, during which it has been particularly difficult for smaller companies to achieve growth, it is pleasing to see statistical evidence that the UK economy is now recovering. The IMF now expects the UK economy to grow next year by 1.9%, up from July's projection of 1.5%. The IMF's upgrade to its outlook on the UK is larger than those made for any other country in World Economic Outlook - its twice-yearly assessment of the global economy. Higher consumer spending and increased business confidence were cited as being the key reasons behind the recent improvement.

The majority of the portfolio's investee companies have continued to demonstrate commendable resilience. In the low growth environment of the past five years, the businesses that have prospered have been those where management teams focused primarily on maintaining balance sheet strength through tight cost control and strict management of working capital requirements. The Company holds a portfolio of investments that follow this policy.

As economic conditions improve it is to be hoped that the portfolio of investee companies can start to accelerate revenue growth, which should in turn have a more than proportionately beneficial impact on earnings and cash flow given the operational leverage inherent in lean and efficiently managed businesses.

Portfolio Activity

The past twelve months have seen an improvement in the number of successful Initial Public Offerings on AIM. Despite this increase in deal flow, the Investment Manager has maintained a highly selective approach to new investment. As in previous years, the Company has remained comfortably above the threshold required to retain VCT qualifying status and this has allowed the Investment Manager to maintain a disciplined and cautious approach to making new investments.

During the year under review, one new VCT qualifying investment was made and there were two follow-on subscriptions in existing portfolio companies in which a stake was already held. Existing positions were increased in four non-qualifying investee companies during the year through secondary market purchases.

Merger and acquisition activity resulted in three qualifying investments being sold. In addition, fourteen non-qualifying investments were sold outright, while partial disposals were made in a number of both qualifying and non-qualifying investments.

A detailed report on the performance of both the qualifying and the non-qualifying investments is contained in the Investment Manager's Review on pages 11 to 15 .

I refer you to the Board's first Strategic Report which has been introduced by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. This new Report contains some of the information that I had historically commented on and is designed to assist shareholders 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.

Outlook

If the rate of economic recovery in the UK continues to rise, it is anticipated that business and consumer confidence will also continue to improve. The fact that the investment portfolio has successfully weathered the extremely tough trading conditions experienced since the start of the financial crisis in 2008 is reassuring. As economic conditions now appear to be on an improving trend, it is reasonable to expect healthy revenue and earnings growth from the investee companies held within the portfolio. This should translate into a further improvement in the Net Asset Value of the Company, and in turn be accompanied by a positive movement in the share price.

I am therefore optimistic that the portfolio can deliver further capital growth, while continuing to have the capacity to maintain an attractive and sustainable flow of tax-free dividends to shareholders.

I would like to thank shareholders for their continued support of the Company and welcome you to attend the Company's AGM on 10 January 2014.

Peter Dicks
Chairman
2 December 2013

Strategic Report

The purpose of this Strategic Report is to inform shareholders on several 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. This Report summarises:

i) the Company's business model and objective;

ii) the Board's strategy to achieve those objectives;

iii) performance during the year

iv) key performance indicators;

v) key events during the year;

vi) the principal risks and uncertainties faced by the Company;

vii) the regulatory environment within which it operates; and

viii) the Company's prospects.

The Investment Manager's Review on pages 11 to 15 also includes a balanced and comprehensive analysis of the development of the business during the financial year and the position on the Company's business at the end of the year.

The Company's independent auditor is required to report by exception on whether the information given in the Strategic Report is consistent with the financial statements. The Auditor's Report is set out on pages 40 and 41.

The Company and its business model

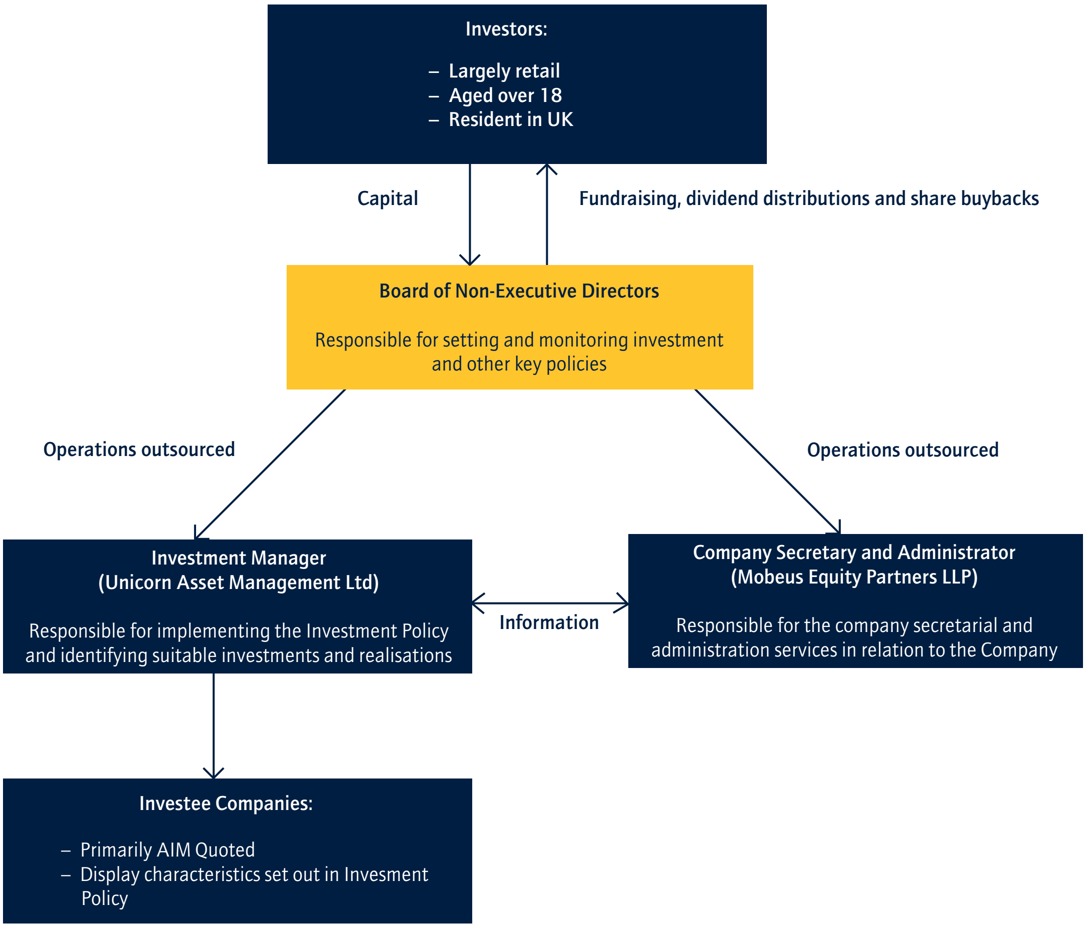
The Company is registered in England and Wales as a Public Limited Company (registration number 04266437) and is approved as a Venture Capital Trust (VCT) under section 274 of the Income Tax Act 2007 (the "ITA"). In common with many other VCTs, the Company revoked its status as an investment company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

The Company is an externally managed fund with a Board comprising 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 on page 4. Further information on each of the service providers is outlined in the Corporate Governance Statement on page 34.

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

Strategic Report

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



The Board's Strategy

Investment objective and policy

The Company's objective is to provide shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maximising the stream of dividend distributions to shareholders from the income and capital gains generated by the portfolio.

To achieve this objective, the Company's strategy is to invest in companies which meet the criteria referred to in the investment policy, which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM. Further details can be found on page 10.

Performance during the year

As at 30 September 2013, the audited Net Asset Value of the Company was 129.8 pence per share, having risen by 27.5p from 102.3 pence per share at the start of the financial year under review. After adding dividends of 5 pence per share paid in the year, this is a total return to shareholders of 32.5p for the year or 31.8% upon opening Net Asset Value for the year. In comparison, the total return from the FTSE AIM All-Share Index over the same period was 13.3%. The audited net assets of the Company were £73.7 million at the financial year end.

At the financial year end, there were 39 active quoted VCT qualifying companies held in the portfolio. Of these, over 60% have no net debt on their balance sheets, while a further 30% are operating with net gearing of less than 25%. Encouragingly, 80% of these companies were cash flow positive in their last reported financial year, while profit growth is anticipated from 62% of them in their current financial year. Another key indicator of the financial and operating health of a business can be found in its ability to pay dividends. It is therefore particularly encouraging to note that 62% of these companies held in the portfolio have paid a dividend within the past twelve months.

In the year to 30 September 2013, a total of £9.6 million was realised through the sale of investments, of which £4.0 million was deployed in new investments and approximately £2.9 million spent on the dividend to shareholders, with the balance used to fund share buybacks and to meet the operating costs of the Company.

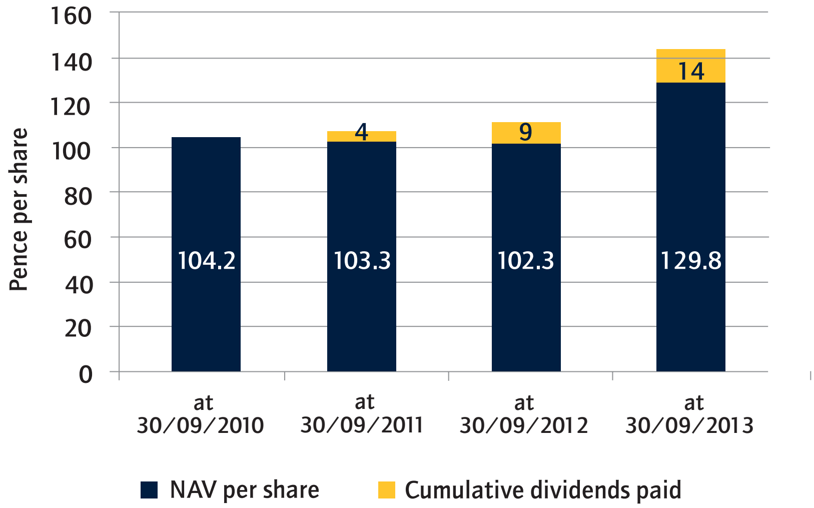
Over the 12 months to 30 September 2013 there was a net gain on investments of £18.4 million and the total profit on ordinary activities was £18.0 million, equivalent to earnings of 31.48 pence per share. The profit on the revenue account was £440,000. At the financial year end, the portfolio consisted of 39 qualifying and 14 non-qualifying quoted investments in active businesses.

The longer term performance of the Company remains robust. Since the merger with Unicorn AIM VCT II plc, which was successfully completed in March 2010, the total return to shareholders has been 56.7%, including the payment of 14 pence per share in tax free dividends.

Key Performance Indicators

The graphs below and overleaf display the key indicators that the Board uses to measure the Investment Manager's performance, thereby allowing shareholders to assess how the Company is performing against its objective:

- **Net asset value ("NAV") per share, cumulative dividends paid & cumulative total shareholder return***



- **Net asset value (NAV) per share increased by 27.5p to 129.8p during the year ended 30 September 2013**
- **Cumulative total shareholder return increased by 32.5p during the year ended 30 September 2013 and at that date totalled 143.8p.**

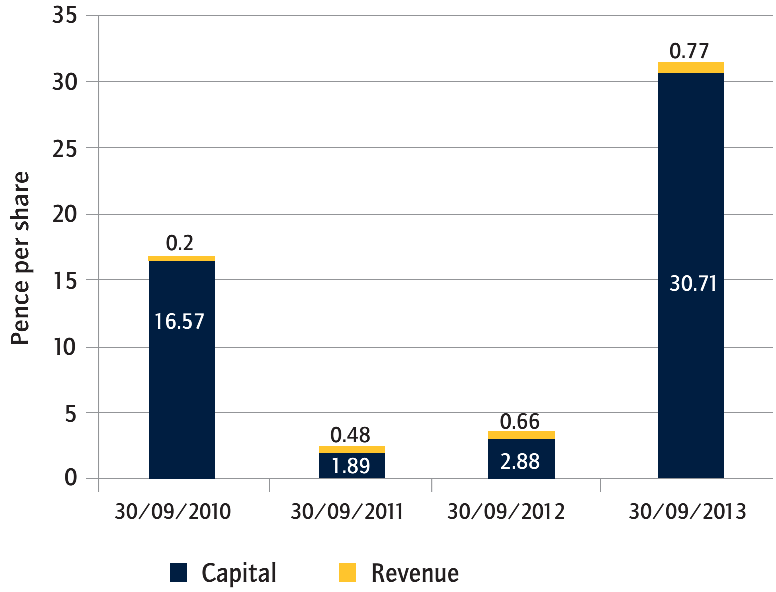
* The cumulative total shareholder return since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 52 pence representing the cumulative dividends paid of 14 pence plus the increase in NAV per share of 38 pence since that date.

The Board is pleased with the performance illustrated in the chart above, particularly in respect of the year under review.

Strategic Report

- **Earnings per share***

The Company's earnings per share for the year ended 30 September 2013, together with those of the previous financial years since the merger with Unicorn AIM VCT II plc in March 2010, are outlined in the graph below:



*Total earnings after taxation divided by the weighted average number of shares in issue.

- **Running Costs**

The Ongoing Charges of the Company for the financial year under review represented 2.51% (2012: 2.65%) of average net assets, which remains low when compared with other AIM focused VCTs.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' 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 likely level of costs that may be incurred in managing the Company in the future.

Further information in respect of the Company's performance can be found in the financial highlights on page 1 and in the Appendix on page 61. The appendix shows a dividend history for each shareholder who originally invested in one of the former five share classes of either the Company or Unicorn AIM VCT II plc.

Key Events during the Year

Enhanced Buyback & Top-Up Offer

In January 2013, the Board announced the launch of an Enhanced Buyback Facility together with a separate Top-Up Offer for subscription. The enhanced buyback was well supported. Participating shareholders in the enhanced buyback were able to tender their existing shares for repurchase by the Company with the net proceeds from the buyback being immediately re-invested in new shares. Earlier in the year, HMRC announced a review of such schemes and it seems likely that, following a period of consultation, restrictions on enhanced buybacks will be introduced. Accordingly, the Board is not planning any further enhanced buybacks until the outcome of the HMRC review is known.

A total of £1.4m in new capital was raised via subscriptions under the Top-Up Offer.

Offer for Subscription

The Board recently launched a new £20m Offer for Subscription.

The Investment Manager is seeing attractive investment opportunities in companies seeking finance in a broad spectrum of sectors offering good growth and income prospects. In order to take advantage of these opportunities the Board is therefore seeking to raise further funds through the Offer.

The Offer opened on 20 September 2013 and will close at 12.00 noon on 30 June 2014 (unless fully subscribed by an earlier date or otherwise extended or closed at the Directors' discretion). Shareholders who wish to apply under the Offer for the 2013/2014 tax year should note that the deadline for such applications is 12.00 noon on 4 April 2014.

A prospectus relating to this Offer has been issued and subsequently mailed to all existing shareholders.

Key Policies

The Board sets the Company's policies and objectives and ensures that its obligations to the 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. Dividend payments paid to shareholders during the period amounted to £2.9m, being 5 pence per share. Since the original launch of Unicorn AIM VCT in 2001, qualifying shareholders have, in aggregate, received approximately £30 million in tax free dividend distributions.

  The Board has considered the payment of a final dividend for the financial year ended 30 September 2013 and, to reflect the Company's robust performance during the year, is recommending a final dividend of 6 pence per share (income: 0.75p; capital: 5.25p) to shareholders, payable on 31 January 2014 to shareholders on the register on 27 December 2013.

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

- ### 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, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to reduce to a degree any prevailing discount to NAV in the current market price that might otherwise prevail. The Board agrees the 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. A total of 1,917,671 shares were purchased for cancellation during the course of the year at an average price of 92 pence per share and at an average discount to net assets of 17%. At the financial year end, the Company's shares were trading at a price of 111 pence representing a discount to net asset value per share of 14.5%.

  The Board intends to continue with the above buyback policy. Any such 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 the Listing Rules and any applicable law at the relevant time. Shares bought back in the market are normally cancelled.

- **Principal risks and uncertainties**

  The Directors also review the principal risks faced by the Company as part of the internal controls process, as outlined below. Note 19 to the Financial Statements on pages 55 to 60 also provides information on the Company's financial risk management objectives and exposure to risks.

Risk	Possible consequence	How the Board guards against risk
Investment and strategic risk	Unsuitable investment strategy or stock selection could lead to poor returns to shareholders.	• *Regular review of investment strategy by the Board.* • *Careful consideration of the performance of the investment portfolio on a regular basis.*
Regulatory and tax risk	The Company is required to comply with the Companies Act 2006, ITA, UKLA Rules and UK Accounting Standards. Breaching these rules may result in a public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the ITA. Should this occur, shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gains received if they dispose of their shares.	• *Regulatory and legislative developments are kept under review by the Board.* • *The Company's VCT qualifying status is continually reviewed by the Investment Manager.* • *PricewaterhouseCoopers LLP has been retained by the Board to undertake an 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 a regular basis.* • *The Board considers the performance of the service providers annually.*
Fraud and dishonesty risks	Fraud may occur involving company assets perpetrated by a third party, the Investment Manager or other service provider.	• *Internal control reports are provided by service providers on a regular basis.*
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 19 on pages 55 to 60.*
Economic risk	Events such as recession, inflation or deflation and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's investments.	• *Investment in a diversified portfolio of companies, whilst maintaining adequate liquidity.*

The Regulatory Environment

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

- **Human rights**

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

- **Diversity**

  The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity. The Board currently comprises four male non-executive directors and the Board has confirmed that it is content with its current composition. The Board will, however, consider gender diversity in making future appointments.

- **Anti-bribery policy**

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

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

- **Environmental and social responsibility**

  The Board seeks to conduct the Company's affairs responsibly and expects the Investment Manager to consider relevant social and environmental matters when appropriate, particularly with regard to investment decisions. The Company has offered electronic communications where possible, to reduce the volume of paper it uses in sending communications to shareholders. In addition, Board and Committee meetings are held by conference call where it is possible and 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 that meet its environmental, social and economic standards.

Prospects

The Company will continue to pursue its investment objective in line with its investment policy, which has allowed the payment of regular dividends to shareholders. The portfolio is composed of a diverse range of businesses operating across a number of different sectors. In many cases the investee companies sell specialised products or services into niche and growing markets. The majority of these companies are sustainably profitable, soundly financed and well managed and should be well placed to prosper as economic conditions improve. The Board remains optimistic that the recent improvement in market sentiment will continue.

For and on behalf of the Board

Peter Dicks
Chairman
2 December 2013

Investment Policy

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

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

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. Specific conditions for HMRC approval of VCTs include the requirement that no single holding may represent more than 15% (by value) of the Company's total investments and cash, at the date of investment.

VCT regulation

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

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

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

Asset mix

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

Borrowing

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

Investment Manager's Review

Performance

The audited net assets of the Company as at 30 September 2013 totalled £73.7 million, equivalent to 129.8 pence per share. This compares with an audited net asset value per share of 102.3 pence as at 30 September 2012. After adding back the dividend paid of 5 pence per share in the period, the total return of 32.5 pence for the year amounted to 31.8% upon opening net asset value of 102.3 pence.

Alternative Investment Market (AIM) review

In the 12 month period ended 30 September 2013, the FTSE AIM All-Share Index delivered a total return of 13.3%, compared to a total return of 31.8% delivered by the Company. The total return of 18.9% from the FTSE All-Share Index over the same period was also better than that produced by the FTSE AIM All-Share Index.

Having traded within a 10% range for much of the year under review, the AIM Index rallied strongly over the summer period. In the 3 months to 30 September 2013, the Index rose by over 100 points, equivalent to a total return, over this traditionally quiet time for equities, of 15%. The catalyst for a resurgence of interest in AIM quoted companies was undoubtedly linked to a change in legislation, whereby the Government removed the restriction preventing private investors from holding AIM listed companies in their ISAs. This widely anticipated relaxation of the AIM holding rules was a welcome change, which led to a significant increase in trading volumes on the AIM indices from early August onwards as private investors began to include AIM investments in their ISAs. Although the significant initial spike in trading volumes is likely to be a temporary phenomenon, the recent increased awareness and interest in AIM quoted companies should prove beneficial over the longer term.

Negative investor sentiment toward AIM stocks developed significantly in the wake of the financial crisis – the FTSE AIM All-Share Index lost more than two thirds of its value during 2008 and, nearly five years on, the Index remains considerably below its pre-crash peak. It is understandable therefore that many investors view AIM stocks as being inherently high risk. While it is true that the share price performance of individual AIM stocks can be extremely volatile, it is by no means the case that a portfolio of carefully chosen AIM investments is necessarily going to be any more risky or volatile than that of a FTSE 100 equity portfolio. To illustrate this, the annualised share price volatility of Unicorn AIM VCT in the three year period to 30 September 2013 was 13.8%, while the volatility of the FTSE 100 Index over the same period was 15.2% (Source: Financial Express).

AIM remains a vibrant and evolving market. Following a long and protracted period of underperformance there are now clear signs of renewed investor interest at the smaller end of the UK equity market.

It is particularly pleasing to note that companies are once again choosing to list on AIM. The number of companies successfully listing on AIM has risen significantly over the past twelve months. The fact that many of these companies have subsequently performed strongly, and seen their share prices rise as a result, should continue to help rebuild investor confidence in AIM.

Performance Review

The financial year ended 30 September 2013, was one of consistent and solid progress for Unicorn's AIM focused VCT. The reported Net Asset Value (NAV) of the Company rose in eleven out of the twelve months under review (after taking into account the dividend paid to shareholders in February 2013). Encouragingly, the growth in net assets accelerated in the final quarter of the period and the NAV closed the year at a high point of 129.8 pence per share. This steady progress is, to a large extent, a consequence of careful and conservative portfolio construction. The investment portfolio is diversified both by number of holdings and by sector exposure. At the financial year end, the Company held shares in 39 quoted, active VCT qualifying companies together with 14 non-qualifying investments. These investments spanned a total of 14 different sectors. Although diverse by business activity, the common theme linking the majority of our investee companies is that they are established, profitable and cash generative businesses selling specialist products and services into predominantly growing markets. As a result, the portfolio has performed solidly in spite of the extremely tough trading conditions experienced since the financial crisis began in 2008, which in turn has meant that the Company has been able to maintain a consistent, attractive level of dividend payments to shareholders each year.

The recent return of economic growth is potentially a turning point in the prospects for capital growth from AIM focused VCTs. It is pleasing to see that, as evidence of UK economic stability and recovery has grown over the past year, investor sentiment has strengthened. This more benign environment has noticeably started to feed through into improvements in the financial, operational and share price performance of many of our investee companies.

Stock specific risk has again been managed closely throughout the period under review. Capital profits (proceeds less original cost) in excess of £1.8m have been realised during the year through a series of part-disposals of continuing portfolio companies.

The stock specific risk that arises as a consequence of having made particularly successful investments is managed by a

Investment Manager's Review

practice of not allowing an individual investment to account for more than 15% of total assets at any time.

The primary example is Abcam, the single largest holding by value within the portfolio, which has continued to perform well with its share price rising by a further 26% in the past 12 months. In order to manage the risk exposure arising from this highly successful investment, we have made a series of share sales in the secondary market. A total of £1.3m in capital profits was realised from the sale of Abcam shares during the period. The value of the retained holding in Abcam at the end of the period under review amounted to 12.1% of total assets.

The consequence of this approach is that stock specific risk has been reduced, capital reserves have been topped up and, perhaps most important, we remain in a position to 'run the winners' in the portfolio by maintaining meaningful core holdings over the longer term. It is our belief that this method of managing risk is beneficial for all shareholders since it strikes an appropriate balance between risk and reward – the 'upside' potential from continued investment remains meaningful while the potential damage to overall net asset value, should an unforeseen stock specific problem arise, remains limited. In our view, this balance is especially important when managing a portfolio of relatively early stage investments.

Other larger individual holdings have also been subject to prudent profit-taking as appropriate.

A review of the main positive and negative contributors to performance in the portfolio follows:-

Qualifying investments (bracketed figures represent the share price movement for the year under review on a mid price basis where quoted):-

Abcam (+26%) is a global leader in the manufacture and supply of therapeutic antibodies and protein research tools to the worldwide life sciences research market. Despite pressures on research funding, Abcam continues to make excellent progress, reporting significant increases in sales, profits and dividends in its financial year to 30 June 2013. This period was transformational for Abcam and included a first full year of profit contribution from the acquisitions of Epitomics and Ascent Scientific. Abcam remains committed to its goal of becoming the world's leading supplier of life science research tools.

Accumuli (+39%) is a provider of advanced IT security services. Having acquired a number of businesses in the recent past, the management team at Accumuli is now focusing investment on expanding the range of services offered while simultaneously growing the sales and marketing resource. In addition, the recent acquisition of Signify Solutions is reported to have been successfully integrated, giving Accumuli an expanded customer base, while adding further strong technical skills and product offerings together with improved revenue visibility. Accumuli remains a highly cash generative business and declared a maiden dividend in its financial results for the period ended 31 March 2013.

Animalcare (+35%) is a leading supplier of veterinary medicines focused on three main product groups: licensed veterinary medicines, companion animal identification and animal welfare products. Following a difficult period, the business has returned to growth and current trends in trading appear encouraging. Animalcare successfully launched three new products in its financial year ended 30 June 2013 and also completed a move to a new manufacturing facility, which provides increased capacity. Revenue increased by 11.6% to £12.1m during this period, while strong cash generation led to growth of 17.8% in the total dividend for the year.

Anpario (+91%) is an international supplier of natural, high performance feed additives to enhance health, growth and sustainability in agriculture and aquaculture. In the past twelve months the management team has introduced a number of key operational initiatives to support the strategy of achieving growth in both the product range and geographic reach of the business. These initiatives include the formation of a wholly owned Chinese subsidiary, the re-structuring of the UK Agriculture Division and the acquisition of Meriden Animal Health in 2012.

Avingtrans (+56%) designs, manufactures and supplies critical components to the medical, energy and aerospace sectors. The financial year ended 31 May 2013 saw the business transformed with the disposal of one major subsidiary followed by the acquisition of Aerotech and PFW in Farnborough, which helped create a focused, specialist aerospace engineering division. The group continues to make strong financial progress, with revenue increasing by over 40% and adjusted PBT growing by nearly 90% in most recently released financial year end results. The outlook also appears to be encouraging, with management reporting that the business had entered its new financial year with a record order book.

Cohort (+45%) is a technology consultancy group focused on providing specialist technical products or services, primarily to the defence market. Despite difficult conditions in some parts of the defence market, Cohort continues to make good progress, reporting a record trading profit and a 21% dividend increase in relation to its financial year ended 30 April 2013.

Crawshaw (+220%) is a chain of value-orientated retail butchers. The business has begun to recover from extremely challenging trading conditions in recent years and has delivered a significant improvement in profitability after also managing to maintain a tight control over costs. The Board declared a maiden final dividend in April 2013, followed by a further interim dividend in September 2013, highlighting the management team's confidence in the prospects for the group.

Driver Group (+77%) is a global, construction related consultancy group. The business continues to benefit from strong trading conditions being encountered across a wide range of geographic markets. This healthy backdrop has allowed management to deliver results in excess of market forecasts over the past 12 months. Growth in revenues, improved gross margins and better utilisation rates have all resulted in increased profitability and strong cash generation. This improved operational performance has meant the business is free from debt with net cash of £90k held on the balance sheet as at 31 March 2013.

Hasgrove (+86%) is a digital and communications services group. In May 2013, the management team decided that the business was of insufficient scale to support the costs of a listing on AIM and subsequently announced a tender offer and proposed a de-listing of the shares. Unicorn AIM VCT did not participate in this offer and instead, the Investment Manager has chosen to retain the stake in Hasgrove as an investment in a privately owned, unquoted business. Operationally, Hasgrove has delivered a good recovery in performance in the past 12 months and continues to generate a steady stream of new business wins.

HML Holdings (+41%) is a property management services group based predominantly in London and the South-East. The business has continued to make strong progress during its most recent financial period. Highlights for its financial year ended 31 March 2013 included revenue growth of 21% and an increase in EPS of over 63% to 1.8 pence per share. The business also reached a milestone of having 40,000 property units under management. The aim of achieving geographic expansion was also met following the acquisition of a Cheshire based property management partnership. The maximum total consideration for this deal will be £0.8m and is to be funded entirely from existing working capital resources.

Instem (+37%) is a software developer focused on the life sciences and biotechnology markets. The group has developed world leading software enabling pharmaceutical companies to collect, analyse and report large volumes of complex scientific data in an accurate and efficient manner. Instem has enjoyed a return to growth in the period under review by successfully broadening its range of products, extending its geographical reach and signing up a number of new clients. The acquisition of Logos Technologies in May 2013 enhanced the group's capability in early phase clinical studies and is already proving to be a successful addition to Instem's established range of software solutions. In the six month period to 31 March 2013, Instem reported turnover growth of 13% with recurring revenues accounting for 76% of total sales. Operating profits grew by 133% to £700k. The strict regulatory environment in the pharmaceutical sector continues to work in Instem's favour and the business is now experiencing strong demand across the suite of products offered.

Mattioli Woods (+71%) is a specialist pension consultancy and wealth management business. The business has made solid progress during a period of significant change for the financial services sector. In the financial year to 31 May 2013, Mattioli Woods' assets under management, administration and advice, increased by over 20% to £3.6bn. Other financial highlights included an increase in turnover of 14.3%, EPS growth of 12.2% and a 26.1% rise in the total dividend.

Pressure Technologies (+116%) is a designer and manufacturer of high pressure stainless steel cylinders, which are used in a variety of specialised applications. The group continues to follow a strategy of diversification, from which it is now beginning to see a growing financial return. Opportunities across the group's diverse markets appear robust and a programme of investment in new products and services are further broadening the customer base. The Group's financial position remains strong with a reported £2.7m of net cash on the balance sheet at its financial year end.

Sanderson (+49%) is a software and IT services business specialising in delivering leading technology solutions to the retail and manufacturing sectors. Despite the challenging conditions in the UK retail market in particular, the business continues to grow. The strongly cash generative nature of the business has allowed the management team to invest heavily in product development while simultaneously strengthening service and sales and marketing resource. Sanderson recently announced that it was seeking to expand its presence in the fast growing e-commerce sector through the acquisition of 'One Iota Limited' for a maximum consideration of £5.4m.

Tracsis (+47%) is a provider of operational planning software and consultancy services to the transport industry. During the year, Tracsis acquired an AIM quoted transport surveying competitor called 'Sky High' in a deal that expands the customer base into related transport markets and provides a foothold in new geographic regions. The deal was funded out of Tracsis' substantial cash resources and was immediately earnings enhancing. Tracsis also reported further substantial organic growth during the period under review, winning several new contracts both in the UK and abroad.

Zetar (+32%), a manufacturer of confectionery and savoury snacks was acquired during the period by a German competitor at a price of 297p per share, thereby realising a capital gain of £374k on original book cost.

Investment Manager's Review

A small number of qualifying companies continued to encounter operational or trading difficulties during the year:-

Green Compliance (-85%) provides compliance services across the water hygiene, pest prevention and fire protection segments to a wide range of clients in both the UK public and private sectors. The period under review proved to be a challenging one, with the business requiring two rounds of additional fundraising (in both of which the Company participated). A new CEO has been appointed and there is evidence that the business is starting to stabilise.

Surgical Innovations (-19%) is a designer and manufacturer of innovative medical devices for use in minimally invasive surgery. Delays to orders at the end of 2012 had led to results being slightly below market expectations for the year. Encouragingly, trading conditions now appear to be improving with significant opportunities for the company emerging, particularly in the lucrative US market. The share price performed poorly between February and August 2013, although it recovered in the final few weeks of the period under review as confidence in prospects for the business began to improve.

SnackTime (Ordinary Shares -23%) is an operator of vending machines. The business has undergone a period of significant management change and cost reduction to counteract the continuing reduction in revenues. The Company participated in a further round of fundraising during the period, contributing £300k to a £1m re-financing, through the issue of new convertible loan notes.

Tangent Communications (-27%) is a digital marketing and printing specialist with a blue chip corporate client base, a rapidly expanding online print division and a growing reputation for service excellence. In the past year, the business has increased investment in its online digital print businesses; printed.com and goodprint (acquired in November 2012) are now beginning to develop traction in a growing consumer market for printed products. Tangent is a profitable business, as it has been since our original investment in 2007, and it remains cash generative and debt free. Tangent has struggled in share price terms over the past 12 months, despite continuing to deliver to our expectations.

New Qualifying Investments

At the financial year end the Company held over 75% of total assets in VCT qualifying businesses as calculated in accordance with HMRC tax valuation rules. New VCT qualifying investments are only made if the companies concerned meet our clearly defined investment criteria. During the period one new VCT qualifying company was introduced to the portfolio.

Keywords Studio (-5% since investment) is a technical service provider to the video game industry. The company floated on AIM in July 2013, raising £28m at a price of 123p per share. Following a relatively quiet start to life as a publicly quoted company, Keywords issued a slightly disappointing trading statement in September 2013, highlighting delays in the launch of next generation consoles from Sony and Microsoft. These delays will have a negative impact on trading in the second half of Keywords' current financial year. The longer term prospects for growth remain significant.

Non-Qualifying Investments (bracketed figures represent the share price movement for the year under review on a mid price basis):-

The non-qualifying portfolio also performed well during the year under review, although the total return was depressed by poor performance from two investments:-

Office2Office (-67%) is a provider of office supplies and business solutions. The business continues to experience challenging market conditions and the office products market remains in long term decline. Management has undertaken a number of initiatives to improve operational efficiency but it will take some time before these changes are reflected in improved profitability.

Stadium Group (-42%) is an electronic technologies group providing manufacturing services, custom power supplies and control power assemblies. This non-qualifying holding was sold in full in November 2012 following a poor trading update.

The contribution to performance from the investment in sub-funds of the Unicorn Investment Funds OEIC was particularly pleasing and more than offset the disappointing performance of Office2Office and Stadium Group. The three sub-funds generated total returns for the year of 47.9% from the Unicorn UK Smaller Companies Fund, 36.8% from the Unicorn Free Spirit Fund and 29.6% from the Unicorn Mastertrust Fund, which translates to an aggregate, albeit largely unrealised, capital gain of approximately £3m.

It should be noted that investment management fees are based on the net asset value of the Company excluding the value of the investments in the OEIC Funds, as Unicorn Asset Management Limited earns fees from managing the OEIC funds separately, thus ensuring there is no double counting of fees.

Other meaningful contributors to performance of the non-qualifying portfolio included:-

Hayward Tyler Group (formerly Specialist Energy Group) (+264%) is a specialist engineering group manufacturing a range of fluid filled electric motors and pumps that are designed to operate in the harshest environments. Following a prolonged period of challenging operational and trading conditions, it is pleasing to see the business begin to benefit from the painful but necessary restructuring implemented by the management team over the past two years. The introduction of a 'continuous improvement programme', combined with material changes to the manufacturing process in operation at their Luton factory have begun to deliver tangible benefits in the form of improved margins and profitability. At the same time, it appears that market demand for Hayward Tyler's specialist pumps is recovering.

Macfarlane (+57%) is a designer and distributor of a comprehensive range of protective packaging products and labels. Macfarlane is focusing on the internet retail market and we expect it to be a beneficiary of increased e-commerce transactions as retail activity continues to move from the high street to the web. Macfarlane has increased profits on flat sales, demonstrating management's continued focus on managing cost.

Mears Group (+49%) is a leading social housing repairs and maintenance service provider to Local Authorities and Registered Social Landlords in the UK. Mears also operates in the UK Local Authorities' outsourced care market, providing personal care services to people in their own homes. The Group benefits from being a market leader in robust and defensive markets. Mears continues to deliver healthy organic growth and has successfully integrated both of its recent large acquisitions. The outlook for continued growth remains positive.

Portmeirion (+40%) is a ceramic manufacturing business which encompasses the Portmeirion, Spode, Royal Worcester and Pimpernel brands. The business enjoys particularly strong demand in the UK and US markets. For the six month period to 30 June 2013, management reported revenue growth of 4% and an increase in the interim dividend of 11%.

Renold (+57%) is a manufacturer of industrial chain and torque transmission products. Following a prolonged period of poor operational performance, senior management changes have been made and a full strategic review of the business has been undertaken by the new Chief Executive. A programme to improve operational process and increase manufacturing efficiency has been introduced and is continuing. A cost reduction plan is also being implemented that will result in a significant reduction in overheads. Renold also successfully refinanced its debt during the period.

Sagentia (+65%) is a science and technology consultancy services and product development business focused on the consumer, energy, industrial and medical markets. In the six month period to 30 June 2013, the business delivered strong operating performance, with reported revenues up by 36% and an increase in profits before tax of 49%. Sagentia also successfully completed two acquisitions during the period, strengthening the firm's capabilities in the energy sector.

Realisations

Realisations totalling £9.6m were made in the year to 30 September 2013. Merger and acquisition activity resulted in the disposal of four VCT qualifying investments: Maxima Holdings, Datong, Zetar and Vindon Healthcare.

As stated above, Hasgrove was delisted from AIM following a tender offer. We chose not to participate in this tender offer and instead the shares have been retained as an unquoted, VCT qualifying investment.

In addition, 14 holdings in the non-qualifying portfolio were sold in the open market, while partial disposals were made in a number of other holdings.

Including partial disposals, the total net realised gain from the sale of investments amounted to £1.2m.

At the financial year end, the Company held net cash balances and investments in money market funds, with the combined value of £2.56m.

Prospects

The investment portfolio contains a diverse range of predominantly profitable businesses that have successfully withstood difficult trading conditions in recent years. The majority of these businesses have remained in sound financial health and we are now receiving regular dividend income from many of them.

Recent evidence suggests that UK economic recovery is gathering momentum. Should this return to GDP growth be maintained, then it is reasonable to hope that our investee companies will benefit through increased sales opportunities. If revenue growth does become more pronounced, the impact of this on well-managed and soundly financed businesses will be felt in the form of increased levels of profitability. This, in turn, ought to translate into positive share price development.

We are also now seeing an improved flow of attractive investment opportunities and are therefore optimistic that we can successfully expand the portfolio over the next twelve months. Despite this welcome improvement in deal-flow, our established and selective approach to new investment will be retained. It remains the Investment Manager's belief that this strategy offers the best prospect of delivering consistently attractive returns for shareholders over the longer term.

Finally, it is pleasing to report that the new financial year has begun strongly with Net Asset Value per share rising by 5.2% in October 2013.

Chris Hutchinson
Unicorn Asset Management Limited
2 December 2013

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
Qualifying investments						
AIM/PLUS quoted investments						
Abcam plc Producer and distributor of high quality protein research tools	Oct 2005	1,768	595	8,947	Bid price	Ordinary shares
Anpario plc Manufacturer of natural feed additives for global agricultural markets	Nov 2006	1,766	1,630	4,843	Bid price	Ordinary shares
Tracsis plc Developer and supplier of resource optimisation and data capture technologies to the transport industry	Nov 2007	838	800	3,673	Bid price	Ordinary shares
Mattioli Woods plc Consultants in the provision of pension and wealth management services	Nov 2005	1,680	1,329	3,493	Bid price	Ordinary shares
Cohort plc Provision of a wide range of technical services to clients in the defence and security sectors	Feb 2006	1,414	1,689	2,371	Bid price	Ordinary shares
Animalcare Group plc Specialist veterinary pharmaceuticals and animal health products	Dec 2007	1,476	688	2,213	Bid price	Ordinary shares
Avingtrans plc Provision of precision engineering services	Oct 2004	996	996	2,208	Bid price	Ordinary shares
Idox plc Information and knowledge management software	May 2007	500	375	1,950	Bid price	Ordinary shares
Pressure Technologies plc High pressure cylinder manufacturing	May 2007	980	700	1,624	Bid price	Ordinary shares
Driver Group plc Provision of specialist commercial, project planning and dispute resolution services to the construction industry	Apr 2006	552	750	1,212	Bid price	Ordinary shares
Surgical Innovations Group plc Design and manufacture of minimally invasive surgical instruments	May 2007	331	643	1,103	Bid price	Ordinary shares
Instem plc (formerly Instem Life Science Systems plc) Information solutions for life sciences R&D	Jan 2011	985	985	940	Bid price	Ordinary shares
Accumuli plc Computer security services	Jan 2011	400	400	923	Bid price	Ordinary shares
Sanderson Group plc Provider of software solutions and IT services to the multi-channel retail and manufacturing sectors	Dec 2004	770	770	878	Bid price	Ordinary shares
HML Holdings plc Residential property management	Jul 2007	431	833	822	Bid price	Ordinary shares
Hangar 8 plc Operator of privately owned passenger jet aircraft	Nov 2010	760	760	784	Bid price	Ordinary shares
Tangent Communications plc Integrator of technology, data and marketing strategies	Dec 2007	963	1,300	770	Bid price	Ordinary shares
Omega Diagnostics plc Medical diagnostics company focused on allergy, food intolerance and infectious disease	Dec 2010	500	500	604	Bid price	Ordinary shares
Redcentric plc Implementation and support of enterprise software solutions	Nov 2004	393	393	541	Bid price	Ordinary shares
Access Intelligence plc Compliance software solutions for the public and private sectors	Dec 2004	1,467	1,464	535	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/ (liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Pharmaceuticals & biotechnology	1.0%	12.1%	30-Jun-13	122,200	42,890	170,300	1.0%	www.abcam.com
Pharmaceuticals & biotechnology	11.2%	6.6%	31-Dec-12	23,510	1,520	17,880	11.2%	www.anpario.com
Software & computer services	7.1%	5.0%	31-Jul-12	8,668	3,010	10,430	7.1%	www.tracsis.com
Financial services	5.0%	4.7%	31-May-13	23,410	4,640	29,100	5.0%	www.mattioli-woods.com
Aerospace & Defence	3.2%	3.2%	30-Apr-13	70,870	8,510	59,040	3.2%	www.cohortplc.com
Farming & fishing	6.1%	3.0%	30-Jun-13	12,120	2,330	17,960	6.1%	www.animalcaregroup.co.uk
Industrial Engineering	5.8%	3.0%	31-May-13	45,280	1,340	30,520	5.8%	www.avingtrans.plc.uk
Software & Computer Services	1.5%	2.6%	31-Oct-12	57,900	6,910	38,900	1.5%	www.idoxplc.com
Industrial Engineering	4.1%	2.2%	30-Sep-12	30,440	1,780	16,060	4.1%	www.pressuretechnologies.co.uk
Support Services	6.2%	1.6%	30-Sep-12	26,260	1,200	7,361	6.2%	www.driver-group.com
Healthcare Equipment & Services	5.0%	1.5%	31-Dec-12	7,639	1,230	13,560	5.0%	www.sigroupplc.com
Software & Computer Services	4.8%	1.3%	31-Dec-12	10,660	1,250	4,994	4.8%	www.instem.com
Software & Computer Services	3.7%	1.3%	31-Mar-13	14,120	300	14,630	3.7%	www.accumuliplc.com
Software & computer services	3.5%	1.2%	30-Sep-12	13,370	1,480	20,030	3.5%	www.sanderson.co.uk
Real estate investment & services	9.8%	1.1%	31-Mar-13	12,810	760	6,931	9.8%	www.hmlholdings.com
Industrial transportation	5.1%	1.1%	30-Jun-12	17,000	520	593	5.1%	www.hangar8.co.uk
Support Services	8.4%	1.0%	28-Feb-13	24,290	860	30,750	8.4%	www.tangentuk.com
Healthcare Equipment & Services	4.1%	0.8%	31-Mar-13	11,260	280	13,960	4.1%	www.omegadiagnostics.com
Software & computer services	1.0%	0.7%	Newly incorporated – no accounts filed yet				1.0%	www.redcentricplc.com
Software & computer services	10.1%	0.7%	30-Nov-12	8,053	(500)	9,088	10.1%	www.accessintelligence.com

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
EG Solutions plc Software solutions to optimise the efficiency of back office operations	Jun 2005	406	500	482	Bid price	Ordinary shares
Green Compliance plc Compliance related business support services	Dec 2009	2,600	2,500	457	Bid price	Ordinary shares
Tristel plc Manufacturer of contamination and infection control products	Nov 2009	878	865	409	Bid price	Ordinary shares
Crawshaw Group plc Yorkshire based chain of retail butchers	Apr 2007	538	1,000	379	Bid price	Ordinary shares
Vianet plc (formerly Brulines Group plc) Provision of real-time monitoring systems and data management services	Oct 2006	584	584	366	Bid price	Ordinary shares
PHSC plc Health & Safety consultancy and training	Mar 2007	253	550	350	Bid price	Ordinary shares
Keywords Studios plc Technical service provider to the global video game industry	Aug 2013	369	369	345	Bid price	Ordinary shares
Pilat Media Global plc Development and support of scheduling software for digital TV	Apr 2004	275	275	305	Bid price	Ordinary shares
SnackTime plc Operator of vending machines	Dec 2007	2,102	2,044	261	Bid price	Ordinary shares
Dillistone Group plc Provider of software services to the executive recruitment industry	Jun 2006	106	106	254	Bid price	Ordinary shares
Grafenia plc (formerly Printing.com plc) Franchised high street printing	Aug 2004	231	231	158	Bid price	Ordinary shares
Dods (Group) plc (formerly Huveaux plc) Media group focused on political communication, training and publishing	Mar 2003	1,000	1,000	140	Bid price	Ordinary shares
Brady plc Provider of transaction and risk management software solutions	Dec 2010	112	112	118	Bid price	Ordinary shares
Augean plc Treatment and disposal of hazardous waste	Dec 2004	500	500	108	Bid price	Ordinary shares
Belgravium Technologies plc Development and supply of rugged, hand-held data capture devices to the logistics sector	Sep 2005	263	350	88	Bid price	Ordinary shares
Redstone plc Structured cabling and intelligent infrastructure management	Nov 2004	44	44	54	Bid price	Ordinary shares
ACM Shipping Group plc Ship Brokers	Dec 2006	49	41	48	Bid price	Ordinary shares
Vitesse Media plc Media and events company focused on the financial and technology sectors	Nov 2007	160	400	32	Bid price	Ordinary shares
Keycom plc Managed communications services to the education and military markets	Apr 2008	339	340	9	Bid price	Ordinary shares
		29,779	**29,411**	**44,797**		

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/ (liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Software & computer services	3.7%	0.7%	31-Jan-13	4,951	(460)	1,419	3.7%	www.eguk.co.uk
Support services	9.8%	0.6%	31-Mar-13	16,060	(7,710)	1,397	9.8%	www.greencomplianceplc.com
Healthcare Equipment & Services	4.4%	0.6%	30-Jun-12	10,940	580	12,500	4.4%	www.tristel.com
Food & drug retailers	8.6%	0.5%	31-Jan-13	18,780	250	10,120	8.6%	www.crawshawgroupplc.co.uk
Support Services	1.9%	0.5%	31-Mar-13	21,080	1,820	23,370	1.9%	www.vianetplc.com
Support Services	9.8%	0.5%	31-Mar-13	5,791	520	5,628	9.8%	www.phscplc.co.uk
Support Services	0.8%	0.5%	31-Dec-12	11,630	2,220	4,876	0.8%	www.keywordsintl.com
Software & computer services	0.8%	0.4%	31-Dec-12	23,480	1,980	21,020	0.8%	www.pilatmedia.com
Food & drug retailers	10.4%	0.4%	31-Mar-13	20,510	(8,260)	10,250	10.4%	www.snacktimeuk.co.uk
Software & computer services	7.6%	0.3%	31-Dec-12	7,052	1,510	4,474	7.6%	www.dillistone.com
Support services	1.7%	0.2%	31-Mar-13	20,660	890	5,903	1.7%	www.printing.com
Media	1.2%	0.2%	31-Mar-13	18,770	(10,630)	30,620	1.2%	www.dodsgroupplc.com
Software & Computer Services	0.2%	0.2%	31-Dec-12	28,140	800	41,610	0.2%	www.bradyplc.com
Support services	3.2%	0.1%	31-Dec-12	42,420	2,760	48,960	3.2%	www.augeanplc.com
Technology Hardware & Equipment	2.3%	0.1%	31-Dec-12	8,669	280	11,130	2.3%	www.belgravium.com
Software & computer services	1.0%	0.1%	31-Mar-13	32,110	(3,830)	23,680	1.0%	www.redstone.com
Industrial Transportation	1.2%	0.1%	31-Mar-13	24,050	(870)	8,799	1.2%	www.acmshipping.co.uk
Media	4.5%	0.0%	31-Jan-13	2,065	(500)	1,514	4.5%	www.vitessemedia.co.uk
Fixed Line Telecommunications	1.2%	0.0%	30-Sep-12	7,100	(4,200)	5,370	1.2%	www.keycom.co.uk
		60.7%						

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
Unlisted investments						
Access Intelligence plc – Loan stock[1] Compliance software solutions for the public and private sectors	Jun 2009	750	750	750	Cost (Reviewed for impairment)	Loan stock
SnackTime Plc – Loan stock[2] Operator of vending machines	Dec 2008	850	850	850	Cost (Reviewed for impairment)	Loan stock
Hasgrove plc Digital marketing and communication services	Nov 2006	975	1,500	1,025	Recent Investment price	Ordinary shares
Optimisa plc Marketing services group providing marketing consultancy and research	Oct 2007	–	403	112	Cost (Reviewed for impairment	Ordinary shares
Brookwell D Shares (formerly Universe Group) Closed end investment company	Apr 2007	76	76	41	Recent Investment price	Ordinary shares
Synarbor plc Public sector recruitment and services specialising in education	Apr 2004	1,000	1,000	28	Cost (Reviewed for impairment)	Ordinary shares
Centurion Electronics plc Design and distribution of in car audio-visual entertainment systems	Nov 2002	575	575	–	Full provision	Ordinary shares
		4,226	**5,154**	**2,806**		
Total qualifying investments		**34,005**	**34,565**	**47,603**		
Non-qualifying investments						
OEIC funds managed by Unicorn Asset Management (analysed below)	Dec 2001	4,766	4,743	9,747	Bid price	B shares
Fully listed equities						
Mears Group plc	May 2007	2,015	2,015	2,933	Bid price	Ordinary shares
Renold plc	Apr 2010	1,073	1,073	1,373	Bid price	Ordinary shares
Macfarlane Group plc	Sep 2010	431	431	728	Bid price	Ordinary shares
Chime Communications plc	Nov 2009	348	333	534	Bid price	Ordinary shares
Microgen plc	Sep 2004	245	245	375	Bid price	Ordinary shares
Other listed entities, each valued at less than £69k	N/A	451	451	102	Bid price	Ordinary shares
AIM quoted equities						
Augean plc	Sep 2004	1,076	1,144	1,129	Bid price	Ordinary shares
Sagentia Group plc	Jun 2010	281	281	950	Bid price	Ordinary shares
Portmeirion Group plc	Sep 2010	518	518	776	Bid price	Ordinary shares
Tangent Communications plc	Apr 2007	455	455	771	Bid price	Ordinary shares
Sinclair IS Pharma plc (formerly IS Pharma plc)	Mar 2008	704	732	730	Bid price	Ordinary shares
Driver Group plc	Aug 2006	561	561	707	Bid price	Ordinary shares
Hayward Tyler Group plc	Dec 2010	705	705	556	Bid price	Ordinary shares
ACM Shipping Group plc	Dec 2006	410	410	404	Bid price	Ordinary shares
Dillistone Group plc	Jun 2006	196	195	400	Bid price	Ordinary shares
Caretech Holdings plc	Mar 2010	400	400	230	Bid price	Ordinary shares
Other AIM listed entities, each valued at less than £89k	N/A	210	407	188	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/ (liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Software & computer services	N/A	1.0%						www.accessintelligence.com
Food & drug retailers	N/A	1.2%						www.snacktimeuk.co.uk
Media	5.3%	1.4%	31-Dec-12	24,858	1,520	17,360	5.3%	www.hasgrove.com
Media	0.0%	0.2%	31-Dec-12	8,250	(2,470)	5,933	1.2%	www.optimisaplc.com
Financial Services	1.4%	0.1%	30-Jun-12			5,860	1.4%	www.brookwelllimited.com
Support services	0.0%	0.0%	31-Dec-12	19,695	(3,798)	11,169	1.6%	www.synarbor.com
Electronic & electrical equipment	0.0%	0.0%	30-Sep-12	5,618	113	(1,228)	2.7%	www.centurionsystems.co.uk
		3.9%						
		64.6%[6]						
	N/A	13.2%					N/A	www.unicornam.com
Support services	1.0%	4.0%	31-Dec-12	679,500	20,810	169,100	1.0%	www.mearsgroup.co.uk
Industrial engineering	1.7%	1.9%	31-Mar-13	190,300	(7,700)	26,200	1.7%	www.renold.com
General Industrials	6.4%	1.0%	31-Dec-12	141,800	5,910	24,020	6.4%	www.macfarlanegroup.com
General Industrials	0.2%	0.7%	31-Dec-12	344,200	2,540	155,300	0.2%	www.chimeplc.com
Software & Computer Services	2.6%	0.5%	31-Dec-12	32,318	9,190	64,672	2.6%	www.microgen.com
	N/A	0.1%						
Support services	3.2%	1.5%	31-Dec-12	42,420	2,760	48,960	3.2%	www.augeanplc.com
Support services	1.7%	1.3%	31-Dec-12	22,270	3,000	25,250	1.7%	www.sagentia.com
Household goods & home construction	1.1%	1.1%	31-Dec-12	55,530	6,750	26,840	1.1%	www.portmeiriongroup.com
Support services	8.4%	1.1%	28-Feb-13	24,290	860	30,750	8.4%	www.tangentuk.com
Pharmaceuticals	0.6%	1.0%	30-Jun-12	55,380	(16,980)	110,541	0.6%	www.sinclairpharma.com
Support services & biotechnology	6.2%	1.0%	30-Sep-12	26,260	1,200	7,360	6.2%	www.driver-group.com
Industrial engineering	2.5%	0.8%	31-Mar-13	40,480	1,490	9,850	2.5%	www.haywardtyler.com
Industrial transportation	1.2%	0.5%	31-Mar-13	24,050	(870)	8,800	1.2%	www.acmshipping.com
Software & computer services	7.6%	0.5%	31-Dec-12	7,052	1,510	4,474	7.6%	www.dillistone.com
Healthcare Equipment & services	0.2%	0.3%	30-Sep-12	114,100	6,380	76,130	0.2%	www.caretech-uk.com
	N/A	0.3%						

Investment Portfolio Summary

	Date of first investment	Book cost[5] £'000	Original Cost[5] £'000	Valuation £'000	Valuation basis	Type of security
Green Compliance plc – Loan stock[3] Compliance related business support services	Jul 2012	250	250	250	Cost (Reviewed for impairment)	Loan stock
Invu plc – Loan stock[4] Document & content management, workflow and automation software	Aug 2009	200	200	100	Cost (Reviewed for impairment)	Loan stock
Unlisted equities	N/A	5	5	–	Full provision	Ordinary shares
Total non-qualifying investments		**15,300**	**15,554**	**22,993**		
Total non-current investments		**49,305**	**50,119**	**70,596**		
Money market funds+	Dec 2002	154	154	154	Bid price	Participating shares
Other current assets				3,242		
Current liabilities				(319)		
Net assets				**73,673**		
5 Largest non-qualifying investments						
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	2,710	2,688	5,545	Bid price	B shares
Mears Group plc	May 2007	2,015	2,015	2,933	Bid price	Ordinary shares
Unicorn Mastertrust Fund (OEIC)	Jun 2004	1,228	1,228	2,367	Bid price	B shares
Unicorn Free Spirit Fund (OEIC)	Dec 2001	828	828	1,835	Bid price	B shares
Renold plc	Apr 2010	1,073	1,073	1,373	Bid price	Ordinary shares

+ Disclosed within Current Investments under Current assets in the Balance Sheet.
1 Income recognised for the year was £45,000.
2 Income recognised for the year was £58,000.
3 Income recognised for the year was £30,000.
4 Income recognised for the year was £14,000.
5 The assets and liabilities of Unicorn AIM VCT II plc were acquired at fair value in March 2010, forming part of Book cost. 'Original cost' shows original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/ (liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Support Services	N/A	0.3%	31-Mar-13	16,060	(7,710)	1,397	9.8%	www.greencomplianceplc.com
Software & Computer Services	N/A	0.1%	31-Jan-13	2,668	279	(480)	0.4%	www.invu.net
	N/A	0.0%					N/A	
		31.2%						
		95.8%						
	N/A	0.2%						
		4.4%						
		(0.4%)						
		100.0%						
	28.2%	7.5%					100.0%	www.unicornam.com
	0.7%	4.0%					1.0%	www.mearsgroup.co.uk
	24.6%	3.2%					100.0%	www.unicornam.com
	18.3%	2.5%					100.0%	www.unicornam.com
Industrial Engineering	1.7%	1.9%					1.7%	www.renold.com

Board of Directors

Peter Dicks

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

Age: **71.**

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Graphite Enterprise Trust plc, Daniel Stewart Securities plc, Mears Group plc, Interactive Investor plc and Private Equity Investor plc. In addition, he is a director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc.

Length of service as at 30 September 2013: Twelve years.

Last re-elected to the Board: 7 February 2013, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Remuneration 2012/13: £22,500.

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

Relevant relationships with investee companies: Non-executive director and shareholder of Mears Group plc, director of Interactive Investor plc and shareholder in Keycom plc.

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

Shareholding in the Company: 96,695 Ordinary shares.

Jeremy Hamer

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

Age: **61.**

Experience: Jeremy Hamer is a chartered accountant who spent 16 years in industry before spending five years as a VCT investment manager. Currently, he is the Chairman of SnackTime plc and also has a portfolio of executive and non-executive director roles particularly with AIM listed companies, such as Avingtrans plc, Access Intelligence plc and SQS Software Quality Systems AG. He is also a qualified executive coach.

Length of service as at 30 September 2013: Three years, six months.

Last re-elected to the Board: 7 January 2011, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee (Chairman).

Remuneration 2012/13: £20,000.

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

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

Shared directorships with other Directors: None.

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

Shareholding in the Company: 28,254 Ordinary shares.

James H Grossman

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

Age: **74.**

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

Length of service as at 30 September 2013: Four years, eight months

Last re-elected to the Board: 7 February 2013

Committee memberships: Audit Committee.

Remuneration 2012/13: £17,500.

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

Relevant relationships with investee companies: Shareholder in Anpario plc.

Shared directorships with other Directors: None.

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

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

Jocelin Harris

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

Age: **68.**

Experience: Jocelin Harris is a qualified solicitor and is Chief Executive of Durrington Corporation Limited, which provides management and financial support services to small and developing businesses, where he has worked since 1986. Before this, he was a director of a private bank in the City. He is currently the Chairman of Keycom plc and Foresight 2 VCT plc, and also a non executive chairman or director of a number of private companies in the United Kingdom and the USA.

Length of service as at 30 September 2013: Seven years, five months

Last re-elected to the Board: 7 February 2013.

Committee memberships: Audit Committee.

Remuneration 2012/13: £20,000.

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

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

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

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

Shareholding in the Company: 50,000 Ordinary shares.

Directors' Report

The Directors present the twelfth Annual Report and Accounts of the Company for the year ended 30 September 2013 (the "Annual Report").

The Directors

The Board currently consists of four directors as outlined on page 24 following the retirement of Malcolm Diamond on 7 February 2013. All of the current directors are non-executive and are independent of the Investment Manager.

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

Under the Listing Rules and continuing obligations under 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 names and brief biographical details on each of the Directors are given on page 24 of this Annual Report. The letters of appointment of all the Directors will be available for inspection at the Annual General Meeting.

Peter Dicks and Jeremy Hamer will be subject to re-election by shareholders at the forthcoming Annual General Meeting on 10 January 2014;

- The AIC Code of Corporate Governance ("the AIC Code") recommends that where directors have served the Company for nine or more years, they should be subject to annual re-election. Having served for twelve years and in accordance with the AIC Code, Peter Dicks will retire by rotation and offer himself for re-election annually. Following a review of his performance, the Board agreed that Peter Dicks continued to make a substantial contribution to the Board as its Chairman and that his length of service was an asset to the Company. The remaining directors have no hesitation in recommending his re-election to shareholders.
- In accordance with the Company's Articles of Association and the AIC Code, Jeremy Hamer will retire by rotation at the Annual General Meeting of the Company to be held on 10 January 2014 and being eligible offers himself for re-election. Following a review of his performance, the Board noted that Jeremy Hamer has considerable experience of making investments in the types of companies in which the Company invests and being a VCT director. He has shown himself to be a committed and independent director who continues to make a substantial contribution to the Board. The remaining directors have no hesitation in recommending him for re-election to shareholders.

Directors' Indemnities and Liability Insurance

The Company has, as permitted by the Companies Act 2006 and the Company's Articles of Association, maintained insurance cover on behalf of the directors indemnifying them out of the assets of the Company against all 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. Save for the indemnity provisions contained in the Articles of Association and the Directors' letters of appointment, there are no qualifying third party indemnities.

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

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 in Note 14 and the voting rights are contained on page 37. There are no restrictions on voting rights or any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.
- There are no securities carrying special rights with regard to the control of the Company.
- The Company does not operate an employee share scheme.
- The Company's Articles of Association and the Companies Act 2006 contain provisions relating to the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares.
- No agreements exist to which the Company is a party that may affect its control following a takeover bid.
- There are no agreements in place between the Company and its Directors providing for compensation for loss of office in the event of the Company being taken over.

Details of the financial risk management objectives and policies of the Company are contained in Note 19.

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

Going concern

After due consideration, the Directors believe that the Company has adequate resources for the foreseeable future and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 30 September 2013, the Company held cash balances and investments in money market funds with a combined value of £2,560,000. The majority of the Company's investment portfolio remains invested in fully listed and AIM quoted equities which may be realised, subject to the Company maintaining its VCT status. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no external loan finance in place and is therefore not exposed to any gearing covenants.

Auditor's right to information

So far as the Directors are aware, there is no relevant audit information of which the auditor is unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Substantial interests

As at 2 December 2013, the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Post balance sheet events

On 9 October 2013, £500,000 was invested in each of The City Pub Company (East) plc and The City Pub Company (West) plc, both of which are unquoted investments.

On 6 November 2013, £1,750,000 was invested in Interactive Investor plc, an unquoted investment.

On 8 November 2013, 575,416 Ordinary shares were allotted at a price of 141.1 pence per share, raising net funds of £786,000.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11am on 10 January 2014 at the offices of SGH Martineau LLP, One America Square, Crosswall, London, EC3N 2SG is set out on pages 63 to 66 of this Annual Report and a proxy form is included with shareholders' copies of this Annual Report. The following notes provide an explanation of a number of the Resolutions that will be proposed at the meeting. Resolutions 1 to 9 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 10 and 11 will be proposed as special resolutions requiring the approval of more than 75% of the votes cast at the meeting to be passed. Resolutions 9 to 11 are the usual resolutions that have been obtained in previous years and are in substitution for existing authorities, Resolutions 9 and 10 being intended, inter alia, to enable the issue of shares pursuant to the current offer for subscription, as detailed below. The Directors believe that the proposed resolutions are in the interests of shareholders and accordingly recommend shareholders to vote in favour of each resolution.

Re-appointment of Directors

The notice of the meeting includes resolutions to re-appoint Peter Dicks and Jeremy Hamer as Directors of the Company. The Board believes that Peter Dicks and Jeremy Hamer bring valuable skill, experience and expertise to the Company and recommends that shareholders vote in favour of the resolutions relating to the re-election of the Directors.

Remuneration policy

Resolution 2 allows shareholders, for the first time, to have a binding vote on the Company's remuneration policy. The policy is set out on page 29 of this Annual Report.

Election of Auditors

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

Allotment of shares

The authority proposed under Resolution 9 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 £284,265. This authority, unless previously renewed or revoked, 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 2015, except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of this authority.

Disapplication of pre-emption rights

Under section 561 of the Act, if the Directors wish to allot any new shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Subject to the passing of Resolution 9, Resolution 10 will enable the Directors to allot equity securities for cash without first offering the securities to existing shareholders in certain circumstances. Resolution 10 proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities:

i) with an aggregate nominal value of £227,412 in connection with offer(s) for subscription; and

ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time

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

The authority conferred under this resolution, unless previously renewed or revoked, 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 2015 and, in conjunction with Resolution 9, will provide the Board with the authority to issue shares in connection with the current offer for subscription referred to in the Strategic Report.

Authority for the Company to purchase its own shares

Resolution 11 authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to an aggregate of 8,522,280 shares being purchased (representing approximately 14.99% of the Company's issued share capital 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 at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding such purchase and (ii) the price stipulated by Article 5(i) of the Buy Back and Stabilisation Regulations. The minimum price that may be paid for a share is 1 penny, being the nominal value thereof.

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

The authority conferred under this resolution, unless previously renewed or revoked, will expire on the 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 2015, except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

By order of the Board

Mobeus Equity Partners LLP
Company Secretary
2 December 2013

Directors' Remuneration Report

This Directors' Remuneration Report has been prepared by the Directors in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006. 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 40 and 41.

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 2013, the Board reviewed its existing remuneration levels, having considered the remuneration payable to non-executive directors of comparable VCTs and the increasing regulatory requirements with which the sector is required to comply. Given that there had been no increase in remuneration for several years and with the retirement of Malcolm Diamond, the Board decided to increase the fees accordingly. Following the increase, the Board's remuneration represents 5.58% of total costs in the year under review. There is an expectation that there will be no further increases in remuneration levels in the current year.

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 29) 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 2014 AGM, where shareholders will have an advisory vote on the approval of the Report.

Directors' interests

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 are required to adhere to.

	As at 30 September 2013		As at 30 September 2012	
Director	**Shares**	**% of share capital**	**Shares**	**% of share capital**
Peter Dicks	96,695	0.17%	76,000	0.13%
Malcolm Diamond	n/a	n/a	16,223	0.03%
James H Grossman	5,000	0.01%	5,000	0.01%
Jeremy Hamer	28,254	0.05%	28,870	0.05%
Jocelin Harris	50,000	0.09%	50,000	0.09%

There have been no changes in the Directors' interests since 30 September 2013. No options over the share capital of the Company have been granted to the Directors.

Malcolm Diamond, who was a Director until 7 February 2013, is a shareholder in the Investment Manager with a holding of 0.38%. Under the Investment Management Agreement dated 9 March 2010 (and amended on 12 April 2010), the Investment Manager receives an annual management fee of 2% of the net asset value of the Company (excluding investments in OEICs managed by the Investment Manager). Under an Amended Incentive Agreement dated 12 April 2010, the Investment Manager may also receive an incentive fee, subject to the achievement of certain targets in the year ended 30 September 2011 and future financial years. No incentive fee was earned by the Investment Manager for the year ended 30 September 2013 or the previous year. For further details please see Note 3 on page 47 of this Annual Report.

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

Pensions (audited information)

None of the Directors 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' emoluments (audited information)

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

	Total Directors' fees	
	Year ended 30 September 2013 £	**Year ended 30 September 2012 £**
Peter Dicks	22,500	20,000
Malcolm Diamond	5,288	15,000
James Grossman	17,500	15,000
Jeremy Hamer	20,000*	17,500*
Jocelin Harris	20,000	17,500
TOTAL	**85,288**	**85,000**

*£14,250 (2012: £12,500) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited

The Directors received no further emoluments in respect of their services. During the year under review, claims for expenses were £296 (2012: £202) and aggregate fees for all directors amounted to £85,288 (2012: £85,000).

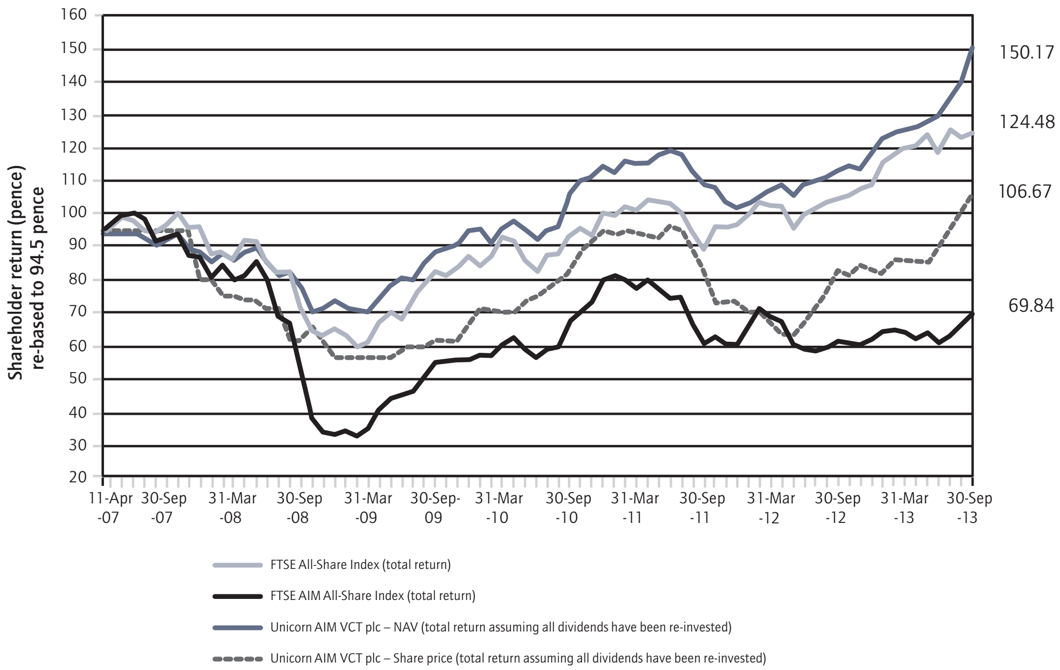
Total shareholder return performance graph

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

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

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

Ordinary shares (formerly S3 Share Fund)



An explanation of the performance of the Company is given in the Chairman's Statement on page 2 and in the Strategic Report on pages 3 to 9 and in the Investment Manager's Review on pages 11 to 15.

Remuneration Policy

Matters relating to remuneration are considered by the Board as a whole, rather than a separate remuneration committee. The remuneration policy is set by the Board, which reviews and considers whether the remuneration policy is fair and in line with comparable VCTs, together with the remuneration of each of the Directors at least annually.

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 are sufficient to attract, retain and motivate directors of the quality required to oversee the running of the Company successfully. The remuneration levels are designed to reflect the duties and responsibilities of the roles and the value of time spent in carrying these out. The Board will obtain independent advice where it considers it necessary. No such advice was taken during the year under review.

A resolution will be put forward at the AGM in 2014 to allow shareholders the opportunity to decide whether to approve this remuneration policy.

Directors' Remuneration Report

Basis of Remuneration

With the exception of Malcolm Diamond who retired from the Board on 7 February 2013, 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. The Company's Articles of Association limit the aggregate amount that can be paid to the Directors in fees to £120,000 per annum.

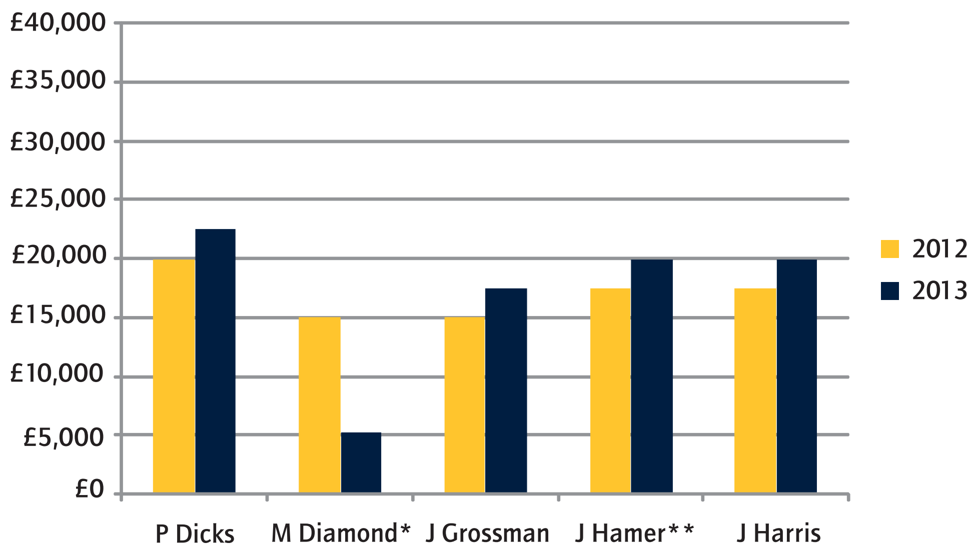
The table below shows the maximum payment that can be received per annum currently received by each Director, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Director	Role	Components of Pay Package	Maximum payment per annum*	Performance conditions	Company Strategy	Remuneration Policy
Peter Dicks	Chairman	Basic salary	£25,000	N/A	To invest in companies which have a demonstrable record of profitability and positive cash generation.	The levels of remuneration are considered to be sufficient to attract, retain and motivate directors with the required ability to review and challenge the Investment Manager's performance in implementing the Company's strategy.
Malcolm Diamond	Director**		–			
James H Grossman	Director		£20,000			
Jeremy Hamer	Chairman of the Audit Committee		£22,500			
Jocelin Harris	Senior Independent Director		£22,500			

* In light of the absence of any increase in Directors' fees for over five years, the reduction in the number of Directors and the increase in their regulatory and other responsibilities, the Board approved an increase of £5,000 per annum for each of the current Directors on 9 May 2013 with effect from 1 April 2013.

** M Diamond retired as a Director of the Company with effect from 7 February 2013.

The bar chart below demonstrates the total remuneration package for each Director for the year under review. As the Directors are independent non-executives, their total remuneration comprises fees only as it is not deemed appropriate to award variable elements of pay.



* M Diamond retired from the Board on 7 February 2013 and therefore his fees have been pro-rated accordingly.

**£14,250 (2012: £12,500) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited.

Terms of Appointment

All of the Directors are non-executive and none of the Directors has a service contract with the Company. Part of the fee payable to Jeremy Hamer is paid via his consultancy company and a separate contract has been entered into with that company.

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

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

By order of the Board

Mobeus Equity Partners LLP
Secretary
2 December 2013

Corporate Governance Statement

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

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

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

www.theaic.co.uk/Documents/Technical/AICCodeofCorporateGovernance2010.pdf

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 fully complied with the AIC Code and the relevant provisions of the UK Code, as set out below.

Compliance with the UK Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Code except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

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

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

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

The Board

The Board currently comprises four non-executive Directors, following the retirement of Malcolm Diamond on 7 February 2013. Each brings a range of relevant expertise, experience and judgement to the Board. Jocelin Harris is the Senior Independent Director. Shareholders should initially contact the Company Secretary if they have concerns. Shareholders may then contact Mr Harris if they have concerns which have failed to be resolved through the Chairman or Investment Manager or where such contact is inappropriate. The Directors believe that this structure is right for the Company given its current size and the nature of its business.

Details of the Chairman's other significant time commitments are disclosed on page 24 of this Annual Report.

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

Matters specifically reserved for decision by the Board have been defined. These include compliance with the requirements of the Companies Act, the UK Listing Authority, the London Stock Exchange and UK Accounting Standards; changes relating to the Company's capital structure or its status as a 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 have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board.

Director's attendance at Board and Committee meetings

The table below details the formal Board and Audit Committee meetings attended by the Directors during the year. Four regular Board meetings, seven ad hoc Board meetings and three Audit Committee meetings were held during the year.

Director	Board Scheculed	ad hoc	Audit Committee
Peter Dicks	4	7	3
Malcolm Diamond*	1	–	–
James H Grossman	4	4	3
Jeremy Hamer	4	6	3
Jocelin Harris	4	7	3

*Malcolm Diamond retired on 7 February 2013.

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

Tenure

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

	Date of appointment	Last retirement by rotation/ re-election	Next retirement by rotation/ re-election due
Peter Dicks	1 October 2001	AGM 7 February 2013	AGM 2014
James H Grossman	15 January 2009	AGM 7 February 2013	AGM 2016
Jeremy Hamer	9 March 2010	AGM 7 January 2011	AGM 2014
Jocelin Harris	25 April 2006	AGM 7 February 2013	AGM 2016

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a Director's independence. The Board does not believe that a Director should be appointed for a finite period. Peter Dicks has now served the Company for twelve years and the Board considers that he remains independent of the Investment Manager as he continues to offer independent, professional judgement and constructive challenge of the Investment Manager. In accordance with the AIC Code, however, Peter Dicks will offer himself for re-election annually.

Independence of directors

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, with the exception of Malcolm Diamond who retired from the Board on 7 February 2013, all of the Directors are independent of the Investment Manager. Peter Dicks is a non-executive Director and shareholder in Mears Group plc, one of the Company's investee companies. Peter Dicks is also a shareholder in one other investee company, Keycom plc. Jocelin Harris is the Chairman of, and a shareholder in, Keycom plc, holding less than 1% of the issued share capital and has a beneficial interest in Mears Group plc. James Grossman has a shareholding in Anpario plc, holding less than 0.02% of the issued share capital of that company. Jeremy Hamer is the Chairman of SnackTime plc, holding 0.5% of the issued share capital and is also a director and shareholder of the investee companies Access Intelligence plc and Avingtrans plc, holding 2.6% and 0.4% of their respective share capitals. Before retiring, Malcolm Diamond held 0.38% of Unicorn Asset Management Limited.

The Directors who were independent of each conflict noted above, considered the circumstances and agreed that all of the relevant Directors in each case remained independent of the Investment Manager. This is because these relationships were not of a material size to their assets and other business activities nor to those of the Company. The Board previously considered that Mr Diamond's shareholding in the Investment Manager may have affected his independence from the Investment Manager and therefore he did not participate in decisions regarding the Investment Manager, in particular its continued appointment up until his retirement on 7 February 2013. There are no other contracts or investments in which the Directors have declared an interest.

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

Appointment letters for new Directors include an assessment of the expected time commitment for each Board position and new Directors are asked to give an indication of their other significant time commitments. The Board would adopt a formal process of recruitment in the event of an appointment of new Directors. The Board believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. Although formal targets for gender mix are not considered appropriate, the selection process involves interviews with the Board and meetings with representatives of members of the Investment Manager. New Directors are provided with an induction pack and an induction session is arranged in conjunction with the Board, the Investment Manager and the Administrator as part of its assessment of each candidate's eligibility for the position, alongside the extent of

Corporate Governance Statement

relevant experience and expertise. Directors are also regularly provided with key information on the Company's policies and legal and regulatory developments. The Directors also regularly participate in industry seminars.

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

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

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

Management

Investment Manager

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

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

The Directors regularly review the investment performance of the Investment Manager. Terms of the investment services agreement and policies with the Investment Manager covering key operational issues are reviewed at least annually. In particular, the terms of the Investment Manager's appointment were reviewed following the merger with Unicorn AIM VCT II plc and the issues raised by a number of shareholders concerning the term and incentive arrangements with the Investment Manager were taken into account. The Board believes that the continued appointment of the Investment Manager remains in shareholders' best interests and the investment criteria remain appropriate. Furthermore, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review and the Investment Portfolio Summary on pages 11 to 23 and the Financial Highlights on page 1. Details of the management fee and incentive fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 47. The Board and the Investment Manager aim to operate in a co-operative and open manner.

Company Secretary and Company Administrator

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

Corporate Broker

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

VCT status monitoring

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

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. The review covers consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board or Committee level; reporting by service providers and controls relied upon by the Board or Committee; exceptions for consideration by the Board or Committee; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board or Committee's satisfaction by the Investment Manager, primarily through the medium of a diversified portfolio; this approach is described in more detail in the Investment Manager's Review.

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

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

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

The Board has delegated contractually to third parties, the management of the investment portfolio, the day to day accounting, company secretarial and administration requirements and the registration services, as discussed above. 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 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 control function given that internal control reports are received from the Company's service providers which the Committee relies upon to satisfy itself that sufficient and appropriate controls are in place.

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 19 November 2013. The Board has identified no significant issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Report of the Audit Committee

The Audit Committee (the "Committee") comprises all of the Directors and is chaired by Jeremy Hamer. It is the Company's policy to include all members of the Board on the Committee to encourage clear communication and to enable all Directors to be kept fully informed of any issues that may arise. The Committee Chairman attended a number of audit briefings throughout the year with the Investment Manager, Administrator and the External Auditor as appropriate on several key issues and reported back to the Committee accordingly. The Board has satisfied itself that at least one member of the Committee has recent and relevant financial experience and that the Committee has sufficient resources to undertake its duties. The Board members who comprise the Committee are all independent from the Investment Manager. Malcolm Diamond who retired on 7 February 2013 was not regarded as independent, as explained on page 33.

The Committee meets quarterly and its responsibilities are set out in its terms of reference, which are available on the Company's website (www.unicornaimvct.co.uk) or can be requested from the Company Secretary.

During the year under review, the Committee has:

- 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;

Corporate Governance Statement

- considered and recommended to the Board for approval the appointment of BDO LLP as the Company's External Auditor to fill the casual vacancy created by the resignation of PKF (UK) LLP following its merger with BDO LLP, having considered the revised terms of appointment;
- reviewed the key risks faced by the Company on a quarterly basis against a risk matrix devised by the Company to assess whether the key risks continue to be relevant and appropriately managed;
- reviewed the report produced by PwC bi-annually on the Company's compliance with the VCT status tests; and
- reviewed the custody arrangements in place to confirm title to investments.

Financial Statements

The Committee has initial responsibility for reviewing the financial statements and reporting on any significant issues that arise in relation to the audit of the financial statements as outlined below. Such issues were 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 major conflicts arose between the Committee and the External Auditor in respect of their work during the period.

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

The valuation of the Company's quoted and unquoted investments

Valuations of quoted and unquoted investments are prepared by the Investment Manager. The Committee reviewed the estimates and judgements made in relation to the unquoted investments and was satisfied they were appropriate. The Committee also discussed the controls in place over the valuation of the quoted investments and the judgements made when considering if any losses on investments held were realised.

The Committee has recommended the investment valuations to the Board for approval.

Revenue Recognition

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

Completeness and control of expenditure

The Committee reviewed the process in place for determining the Company's expenditure and a budget for such costs was approved for the year. It noted that, in accordance with agreed policy, all payments over £10,000 have been authorised by at least one Director and any payments under this threshold have been authorised by the Administrator. For practical reasons, the authorisation limit was increased from £5,000 to £10,000 during the year following a review undertaken by the Committee. The Committee has also monitored the level of payments against budget and all other key expenditure has been agreed by the Committee in advance, for example, in respect of the enhanced buyback facility offered in the year.

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

Relationship with the External Auditor

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

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

- demonstrated strong technical knowledge and a clear understanding of the business;
- indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;
- an audit team that is appropriately resourced;
- demonstrated a proactive approach to the audit planning process , engaging with the Committee chairman and other key individuals;
- provided a clear explanation of the scope and strategy of the audit;
- the ability to communicate clearly and promptly with the members of the Committee and the Investment Manager and produce comprehensive reports on its findings;
- maintained independence and objectivity; and
- charged justifiable fees in respect of the scope of services provided.

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

The Committee considered the appointment of the current 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 rotation of the engagement partners in the current year in accordance with the Auditors' Ethical Standards. A tender has not been undertaken since this date as the Committee has been satisfied with the performance of the External Auditor.

With effect from 28 March 2013, the Company's auditor PKF (UK) LLP merged with BDO LLP to become part of BDO LLP. The Board subsequently appointed BDO LLP as the Company's auditor to fill the casual vacancy that arose as a result of the resignation of PKF (UK) LLP following the merger. At the time of the merger, the Committee considered whether it would be appropriate to retain the services of BDO LLP. Given the Company's previous experience with PKF (UK) LLP and its knowledge of the Company and the VCT sector generally, it was decided that BDO LLP should be appointed as the Company's External Auditor.

Non-audit services

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

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

During the year under review, the Committee concluded that it was in the interests of the Company to purchase non-audit services from the External Auditor, which comprised tax compliance, iXBRL tagging and Sponsor services. The reason for this conclusion was that the External Auditor's greater knowledge of the Company benefitted its operational efficiency and hence the competitiveness of the fees charged.

Following the provision of a competitive quote, the Corporate Finance team at BDO LLP in Birmingham was selected to act as Sponsor in respect of the offer for subscription referred to in the Strategic Report on page 6. The Committee was satisfied that the nature of the service being provided did not result in a self-review threat to the audit as the engagement had no impact on the financial statements subject to audit, nor did the quantum of fees, which amounted to £22,500, give rise to a self-interest threat. Taking these factors into account, the Committee approved the provision of these non-audit services.

Having regard to all of the relevant factors, the Committee has recommended to the Board that, subject to shareholder approval at the 2014 AGM, BDO LLP be reappointed as the External Auditor of the Company for the forthcoming year.

Further Disclosures

Amendment of the Company's Articles of Association

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

Share capital and voting rights

Details of the Company's share capital can be found in Note 14 and substantial shareholdings can be found in the Directors' Report on page 26. The voting rights of shareholders are set out below:

Each shareholder has one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the directors no later than 48 hours before the time for holding the meeting.

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

Shareholders may, if they so wish, arrange for their shares to be held via a nominee or depository where they retain the financial rights carried by the Company's shares.

Powers of the Directors

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

Relations with shareholders

Communication with shareholders is considered a high priority. All shareholders receive a copy of the Annual and Half-Yearly Reports. The Board invites communications from shareholders and there is an opportunity to question the Directors, the Chairman of the Audit Committee and the Investment Manager at the Annual General Meeting to which all shareholders are invited.

During the year under review, the Company launched a standalone website which 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, interim management statements, circulars, stock exchange announcements 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.

Corporate Governance Statement

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

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

By order of the Board

Mobeus Equity Partners LLP
Secretary
2 December 2013

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

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for 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.

The Directors confirm, to the best of their knowledge:

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

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

Having taken advice from the Audit Committee, the Board considers the report and accounts, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Neither the Company nor the directors accept any liability to any person in relation to the annual report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

The names and functions of all the Directors are stated on page 24.

For and on behalf of the Board:

Peter Dicks
Chairman
2 December 2013

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

We have audited the financial statements of Unicorn AIM VCT plc for the year ended 30 September 2013 which comprise the income statement, the balance sheet, the cash flow statement, the reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 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.

Our assessment of risks of material misstatement

We identified the following risks that we consider to have had the greatest impact on our audit strategy and scope:

- The assessment of the carrying value of investments, particularly unquoted investments. This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the funds, derived using those valuations.

  We challenged the assumptions inherent in the valuation of unquoted investments, and we assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements. Where loans to unquoted companies were valued at cost (reviewed for impairment), we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of the loans, and we considered whether there was any permanent diminution in value in investments held, that should be reported as realised losses. We noted that the assessment of the unquoted valuations and whether losses in value are permanent (and therefore realised) is highly subjective. However our audit procedures included, amongst others, reviewing the recent published trading statements for the unquoted investments and, for a sample of all investments, considering the period over which significant falls in value below cost arose, as well as the apparent reasons and whether they were likely to be permanent.

  We also considered the controls over the pricing of quoted investments and tested the pricing of quoted investments to independent sources.

- Revenue recognition, which consists of dividends receivable from investee companies and interest earned on loans to investee companies and cash balances. Revenue recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors. In particular, as the Company is primarily investing in AiM companies, dividends receivable can be difficult to predict.

  We considered the controls relating to revenue recognition and undertook testing of interest income by comparing actual income to expectations generated using the interest rates in the loan instruments. We also tested dividends receivable, to expectations set from independent published data on dividends declared by the investee companies held in the reporting period. We sample tested the categorisation of dividends received from investee companies between revenue and capital.

- Completeness of expenditure, in view of industry practice to compare the performance of funds, partly based on the level of their on-going charges, as well as the existence of an expense cap on the management fee which could increase the risk of management override in the recognition of costs. We agreed recurring costs to expectations set based on prior years flexed for known changes, agreed engagement terms with suppliers and agreement to invoices on a sample basis. We also confirmed the extent to which ad-hoc costs incurred on the fundraising represented obligations at the end of September 2013 and we confirmed the appropriateness of the classification of costs of the share buyback and top-up offer being charged to reserves.

The Audit Committee's consideration of these key issues is set out on page 36.

Purpose of this 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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

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

We determined planning materiality for the financial statements as a whole to be £740,000. In determining this, we based our assessment on a percentage of gross assets which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments. On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgment is that performance materiality for the financial statements should be 75% of planning materiality, namely £555,000. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £740,000 for the financial statements as a whole.

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower materiality for particular classes of transaction, 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. In this context, we set a lower level of materiality to apply to those classes of transactions and balances which impact on the costs and the net realised returns of the Company. We determined materiality for this area to be £75,000.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 32 to 38 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 26, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.

We have nothing to report in respect of these matters.

Rosemary Clarke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
2 December 2013

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

Income Statement

for the year ended 30 September 2013

	Notes	Revenue £'000	Year ended 30 September 2013 Capital £'000	Total £'000	Revenue £'000	Year ended 30 September 2012 Capital £'000	Total £'000
Net unrealised gains on investments	9	–	17,167	17,167	–	2,057	2,057
Net gains on realisation of investments	9	–	1,191	1,191	–	364	364
Income	2	1,174	–	1,174	1,137	–	1,137
Investment management fees	3	(265)	(795)	(1,060)	(249)	(746)	(995)
Other expenses	4	(469)	–	(469)	(501)	–	(501)
Profit on ordinary activities before taxation		440	17,563	18,003	387	1,675	2,062
Tax on profit on ordinary activities	6	–	–	–	–	–	–
Profit on ordinary activities after taxation for the financial year		440	17,563	18,003	387	1,675	2,062
Basic and diluted earnings per share:							
Ordinary shares	8	0.77p	30.71p	31.48p	0.66p	2.88p	3.54p

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

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

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

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

The Notes on pages 45 to 60 form part of these financial statements.

Balance Sheet
as at 30 September 2013

Company number 04266437

	Notes	30 September 2013 £'000	30 September 2013 £'000	30 September 2012 £'000	30 September 2012 £'000
Non-current assets					
Investments at fair value	9		70,596		57,806
Current assets					
Debtors	11	836		183	
Current investments	12	154		720	
Cash at bank	18	2,406		532	
		3,396		1,435	
Creditors: amounts falling due within one year	13	(319)		(244)	
Net current assets			3,077		1,191
Net assets			**73,673**		**58,997**
Capital					
Called up share capital	14		568		576
Capital redemption reserve	15		4		332
Share premium account	15		18		32,331
Revaluation reserve	15		24,979		3,860
Special reserve	15		38,104		12,940
Profit and loss account	15		10,000		8,958
Equity shareholders' funds			**73,673**		**58,997**
Net asset value per share of 1 pence each:					
Ordinary shares	16		129.78p		102.34p

The financial statements on pages 42 to 60 were approved and authorised for issue by the Board of Directors on 2 December 2013 and were signed on their behalf by:

Peter Dicks

Chairman

The Notes on pages 45 to 60 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2013

	Notes	30 September 2013 £'000	30 September 2012 £'000
Opening shareholders' funds at 1 October 2012		58,997	60,447
Share capital bought back in the year –including expenses	15c	(9,858)	(4,487)
Share capital raised – net of expenses	15d	9,392	3,901
Profit for the year		18,003	2,062
Dividends paid	7	(2,861)	(2,926)
Closing shareholders' funds at 30 September 2013		73,673	58,997

Cash Flow Statement

for the year ended 30 September 2013

	Notes	30 September 2013 £'000	30 September 2013 £'000	30 September 2012 £'000	30 September 2012 £'000
Operating activities					
Investment income received		1,203		1,115	
Investment management fees paid		(1,060)		(994)	
Other cash payments		(502)		(538)	
Net cash outflow from operating activities	17		(359)		(417)
Investing activities					
Purchase of investments	9	(3,491)		(1,586)	
Sale of investments	9	8,529		5,790	
			5,038		4,204
Equity dividends					
Dividends paid	7		(2,861)		(2,926)
Net cash inflow before liquid resource management and financing			1,818		861
Management of liquid resources					
Decrease in current investments	18		566		59
Financing					
Shares issued as part of Offer for Subscription	15a	1,400		3,945	
Shares issued as part of Enhanced Buyback Facility	15b	250		–	
Shares bought back as part of Enhanced Buyback Facility (including expenses)	15b	(391)		–	
Shares bought back	15	(1,769)		(4,983)	
			(510)		(1,038)
Net increase/(decrease) in cash	18		1,874		(118)

The notes on pages 45 to 60 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2013

1 Accounting policies

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

a) Basis of accounting

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

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

b) Presentation of the Income Statement

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

c) Investments

All investments held by the Company are classified as "fair value through profit and loss", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in September 2009. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

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

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

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.

(ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-

a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

or:-

b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.

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

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

d) Income

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

e) Capital reserves

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

The following are accounted for in this reserve:

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

(ii) Revaluation reserve (Unrealised capital reserve)

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

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

(iii) Special reserve

The costs of share buybacks are charged to this reserve. In addition, any realised losses on the sale of investments, and 75% of the management fee expense, and the related tax effect, are transferred from the Profit and Loss Account reserve to this reserve.

f) Expenses

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

g) Taxation

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

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

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

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

h) Liquid resources

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

2 Income

	2013 £'000	2012 £'000
Income from investments		
– from equities	984	964
– from loan stocks	147	110
– from money-market funds and Unicorn managed OEICs	43	63
Total income	1,174	1,137
Total income comprises		
Dividends	1,027	1,027
Interest	147	110
	1,174	1,137
Income from investments comprises		
Listed UK securities	178	338
Listed Overseas securities	1	4
Unlisted UK securities	995	795
	1,174	1,137

3 Investment Manager's fees

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Unicorn Asset Management Limited	265	795	1,060	249	746	995

Unicorn Asset Management Limited ("UAML") receives an annual management fee of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, which are also managed by UAML. The annual management fee charged to the Company is calculated and payable quarterly in advance. In the year ended 30 September 2013, UAML also earned fees of £115,000 (2012: £98,000), being OEIC management fees calculated on the value of the VCT's holdings in each OEIC on a daily basis. This management fee is 1.25% per annum of the OEIC value for each of Unicorn Smaller Companies OEIC, Unicorn Free Spirit OEIC and Unicorn Mastertrust OEIC.

The management fee will be subject to repayment to the extent that there is an excess of the annual costs of the Company incurred in the ordinary course of business over 3.6% of the closing net assets of the Company at the year end. Any amount repayable will be paid by the Manager within 5 business days of the approval of the annual accounts for the relevant year-end, or set off against the next quarterly fee instalment payable to the Manager following such approval. There was no excess of expenses for this year or the prior year.

Under an Amended Incentive Agreement with UAML dated 12 April 2010 (which replaces all previous incentive agreements), the Investment Manager is entitled to a performance incentive fee of 20% of any cash distributions (by dividend or otherwise) paid to shareholders in excess of 6 pence per Ordinary share paid in any accounting period – "the target return" and subject to the maintenance of a net asset value (NAV) per share of 125p or more, as calculated in the annual report and accounts for the year relating to such payments. The target return applies for accounting periods starting after 1 October 2010. In the event that the target return of 6 pence per share is not paid in a particular accounting period, the shortfall of such distributions will be carried forward to subsequent accounting periods and any incentive fee will not be payable until this shortfall is met. No incentive fee is payable for the year ended 30 September 2013 and none was paid for the year ended 30 September 2012.

Notes to the Financial Statements
for the year ended 30 September 2013

4 Other expenses

	2013 £'000	2012 £'000
Directors' remuneration (including NIC)	93	92
IFA trail commission	18	71
Administration services	169	173
Broker's fees	14	14
Custody fees	7	6
Auditors' fees – for audit related services pursuant to legislation	23	22
– for taxation services	4	7
– other assurance services pursuant to regulation	3	3
Tax monitoring fees	11	11
Professional fees	27	1
Directors' insurance	8	12
Registrar's fees	29	25
Printing	29	36
Sundry	34	28
	469	501

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

BDO have also undertaken work as sponsor to the Offer for Subscription, launched just before the year end. The fee agreed for this work is £22,500 plus VAT which is payable by the promoter and so has not been included in these financial statements.

5 Directors' remuneration

	2013 £'000	2012 £'000
Directors' emoluments		
Peter Dicks	22.5	20
Jocelin Harris	20	17.5
James Grossman	17.5	15
Jeremy Hamer	20	17.5
Malcolm Diamond	5	15
	85	85
Employer's NIC and VAT	8	7
	93	92

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

The Company has no employees.

6 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2013 £	2012 £
Current and total tax charge (Note 6b)	–	–

b) Factors affecting tax charge for the year:

	2013 £	2012 £
Profit on ordinary activities before tax	18,003	2,062
Profit on ordinary activities multiplied by standard small profits rate of corporation tax in the UK of 20.0% (2012: 20%)	3,601	412
Non-taxable UK dividend income	(205)	(193)
Non-taxable unrealised gains	(3,433)	(411)
Non-taxable realised gains	(238)	(73)
Allowable expense not charged to revenue	159	149
Disallowable expenses	3	–
Losses carried forward	113	116
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(159)	(149)
Additional losses carried forward to future years	159	149
Actual current charge – capital	–	–
Current tax charge for the year	–	–

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

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

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The deferred tax amount not recognised is £2,428,000 (30 September 2012: £2,143,000).

Notes to the Financial Statements
for the year ended 30 September 2013

7 Dividends

	2013 £'000	2012 £'000
Amounts recognised as distributions to equity holders in the year:		
Final capital dividend of 4.5p (2012: 4.25p) per share for the year ended 30 September 2012 paid on 8 February 2013	2,576	2,486
Final income dividend of 0.5p (2012: 0.75p) per share for the year ended 30 September 2012 paid on 8 February 2013	285	440
	2,861	2,926

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

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

	2013 £'000	2012 £'000
Revenue available for distribution by way of dividends for the year	440	387
Proposed final income dividend of 0.75p (2012: 0.5p) for the year ended 30 September 2013	426	287

8 Basic and diluted earnings and return per share

	2013 £'000	2012 £'000
Total earnings after taxation:	18,003	2,062
Basic and diluted earnings per share (Note a)	**31.48p**	**3.54p**
Net revenue from ordinary activities after taxation	440	387
Revenue earnings per share (Note b)	**0.77p**	**0.66p**
Net unrealised capital gains	17,167	2,057
Net realised capital gains	1,191	364
Capital expenses	(795)	(746)
Total capital return	17,563	1,675
Capital earnings per share (Note c)	**30.71p**	**2.88p**
Weighted average number of shares in issue in the year	57,190,640	58,206,100

Notes

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

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

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

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

9 Investments at fair value

	Fully listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	Total £'000
Book cost at 30 September 2012	6,432	39,438	2,662	1,750	5,340	55,622
Unrealised (losses)/gains at 30 September 2012	(197)	2,442	(845)	(100)	2,560	3,860
Permanent impairment in value of investments	–	–	(1,676)	–	–	(1,676)
Valuation at 30 September 2012	6,235	41,880	141	1,650	7,900	57,806
Purchases at cost	–	3,727	–	300	–	4,027
Sale proceeds	(1,905)	(6,497)	(5)	–	(1,209)	(9,616)
Realised gains	274	685	(7)	–	260	1,212
Reclassified at valuation	(227)	(341)	568	–	–	–
Increase in unrealised appreciation	1,668	12,194	509	–	2,796	17,167
Closing valuation at 30 September 2013	6,045	51,648	1,206	1,950	9,747	70,596
Book cost at 30 September 2013	4,563	35,295	2,631	2,050	4,766	49,305
Unrealised gains /(losses)at 30 September 2013	1,689	18,283	126	(100)	4,981	24,979
Permanent impairment in value of investments (see note)	(207)	(1,930)	(1,551)	–	–	(3,688)
Closing valuation at 30 September 2013	6,045	51,648	1,206	1,950	9,747	70,596

Transaction costs on the purchase and disposal of investments of £21,000 were incurred in the year. These are excluded from realised gains shown above of £1,212,000, but were included in arriving at gains on realisation of investments disclosed in the Income Statement of £1,191,000.

Note: Unlisted ordinary shares now permanently impaired of £1,551,000 (2012: £1,676,000) had been traded on AIM originally. By the time they became permanently impaired, they had delisted from AIM and they are therefore classified as unlisted ordinary shares. In addition, permanent impairments of £3,108,000 were recognised in respect of losses on quoted investments held at the year end, and permanent impairments brought forward of £1,096,000 have been eliminated on assets disposed of in the year.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flow Statement is £536,000. £100,000 of this is as a result of the purchase of PHSC plc, which was settled after the year end. The remaining £436,000 is because the purchase of the investment in Redstone plc arose from a share for share exchange (i.e. non-cash) transaction whereby shares held in Maxima Holdings plc were exchanged for shares in Redstone plc. Similarly disposals are £1,087,000 higher in Note 9 than the Cash Flow Statement due to the £436,000 Redstone transaction referred to above, in addition to a full realisation of Vindon Healthcare for £651,000, which settled after the year end.

10 Significant interests

At 30 September 2013 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (ordinary shares) £'000	Investment in loan stock and preference shares £'000	Total investment (at cost) £'000	Percentage of investee company's total equity
Anpario plc	1,766	–	1,766	11.19%
SnackTime plc	2,102	850	2,952	10.37%
Access Intelligence Plc	1,467	750	2,217	10.06%
PHSC plc	253	–	253	9.80%
Green Compliance plc	2,600	250	2,850	9.79%
HML Holdings plc	446	–	446	9.76%
Crawshaw Group plc	539	–	539	8.60%
Tangent Communications plc	1,418	–	1,418	8.42%
Dillistone Group plc	302	–	302	7.61%
Tracsis plc	839	–	839	7.07%
Macfarlane Group plc	431	–	431	6.38%
Driver Group plc	1,113	–	1,113	6.17%
Animalcare Group plc (formerly Ritchie plc)	1,476	–	1,476	5.82%
Avingtrans plc	997	–	997	5.35%
Hangar 8 plc	760	–	760	5.03%
Surgical Innovations Group plc	358	–	358	4.95%
Mattioli Woods plc	1,682	–	1,682	4.79%
Instem plc	985	–	985	4.46%
Vitesse Media plc	160	–	160	4.43%
Tristel plc	878	–	878	4.14%
Pressure Technologies plc	981	–	981	4.13%
Accumuli plc	400	–	400	3.72%
Omega Diagnostics Group plc	518	–	518	3.68%
Sanderson Group plc	770	–	770	3.49%
eg solutions plc	406	–	406	3.23%
Cohort plc	1,415	–	1,415	3.23%
Augean plc	1,576	–	1,576	3.18%

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

At 30 September 2013, the Company held 28.2% of the B shares issued by Unicorn Smaller Companies Fund, 24.6% of the Unicorn Mastertrust Fund, and 18.3% of the B shares issued by the Unicorn Free Spirit Fund. Unicorn Smaller Companies Fund, Unicorn Mastertrust Fund, and Unicorn Free Spirit Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

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

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

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

11 Debtors

	2013 £'000	2012 £'000
Amounts due within one year:		
Other debtors	662	–
Prepayments and accrued income	174	183
	836	183

12 Current investments

These comprise investments in two Dublin based OEIC money market funds, managed by Royal Bank of Scotland and Blackrock Investment Management UK Limited. All of these funds of £154,000 (30 September 2012: £720,000) are subject to same day access. These sums are regarded as monies held pending investment.

13 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	27	51
Other creditors	132	52
Accruals	160	141
	319	244

14 Called up share capital

	2013 £'000	2012 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 56,767,691 (2012: 57,646,506)	568	576

The Company made purchases of 1,917,671 (a total of £19,000 nominal value) of its own Ordinary shares for cash at prevailing prices for a total cost of £1,769,000.

As part of the Company's Top up Offer for Subscription, between 5 April 2013 and 5 August 2013, 1,262,953 Ordinary shares were allotted at prices ranging from 112.2 pence per share to 120.5 pence per share raising net funds of £1,400,000 from gross funds raised of £1,447,000.

Also during the year, on 3 April 2013, as part of the Enhanced Buyback Facility, 7,365,588 shares were repurchased at 108.5p per share and, immediately following this, 7,141,491 shares were allotted at 111.9p per share.

Notes to the Financial Statements

for the year ended 30 September 2013

15 Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve £'000	Special reserve* £'000	Profit and loss account* £'000	Total £'000
At 1 October 2012	576	332	32,331	3,860	12,940	8,958	58,997
Shares repurchased for cancellation (see Note c)	(19)	19	–	–	(1,769)	–	(1,769)
Shares issued under Offer for Subscription (see Note a and d)	13	–	1,434	–	–	–	1,447
Shares bought back under Enhanced Buyback Facility (Notes b and c)	(74)	74	–	–	(7,992)	–	(7,992)
Shares issued under Enhanced Buyback Facility (Notes b and d)	72	–	7,920	–	–	–	7,992
Expenses of shares issued under Offer for Subscription (see Notes a, d and e)	–	–	(47)	–	–	–	(47)
Expenses of shares issued under Enhanced Buyback Facility (see Notes b, c and f)	–	–	–	–	(97)	–	(97)
Cancellation of share premium account and capital redemption reserve (Note g)	–	(421)	(41,620)	–	42,041	–	–
Transfer to special reserve	–	–	–	–	(7,019)	7,019	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	1,191	1,191
Realisation of previously unrealised valuation movements	–	–	–	3,952	–	(3,952)	–
Net increases in unrealised valuations in the year	–	–	–	17,167	–	–	17,167
Dividends paid	–	–	–	–	–	(2,861)	(2,861)
Loss for the year	–	–	–	–	–	(355)	(355)
At 30 September 2013	568	4	18	24,979	38,104	10,000	73,673

* Included within these reserves is an amount of £6,063,000 (2012: £21,898,000) which is considered distributable. The Special reserve created in the year has not been treated as distributable in determining the amounts available for distribution.

The purpose of this reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the shareholders, and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. The total transfer of £7,019,000 to the special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year.

The profit for the year is £18,003,000, as shown in the Income Statement, from which the increase in unrealised valuations of £17,167,000 and gains on disposal of investments of £1,191,000 above have been deducted, to arrive at the loss of £355,000.

Reconciliation of the Cash Flow Statement to the individual reserve movements above.

Note a: The Cash Flow Statement discloses an inflow of funds of £1,400,000, being shares issued under the Offer for Subscription of £1,447,000, less expenses of shares issued under the Offer for Subscription of £47,000.

Note b: The Cash Flow Statement discloses an inflow of funds of £250,000, and an outflow of £391,000 from shares bought back under the Enhanced Buyback Facility ("EBF") including expenses. The amount of £391,000 is comprised of an initial £250,000 remitted to the Company's broker to finance the EBF, £97,000 of expenses related to the EBF, and £44,000 settling expenses from the previous year's EBF. With the initial receipt of £250,000 from the Company, the Company's broker and registrars then processed £7,992,000 of shares bought back under the EBF, and £7,992,000 of shares issued under the EBF. As these cash movements did not pass through the Company's bank accounts, the Cash Flow Statement does not reflect the full figures disclosed in the reserve movements above.

Explanation of Reconciliation of Movements in Shareholders' Funds to the individual reserve movements above (notes c and d only).

Note c: Share capital bought back in the year of £9,858,000 is comprised of shares repurchased for cancellation of £1,769,000, shares bought back under the EBF of £7,992,000, plus expenses related to the EBF of £97,000.

Note d: Share capital raised net of expenses in the year of £9,392,000 is comprised of shares issued under the Offer for Subscription of £1,447,000, less expenses of shares issued under Offer for Subscription of £47,000 (see note e below), plus shares issued under the EBF of £7,992,000.

Note e: Expenses of shares issued under the Offer for Subscription were Offer costs of £47,000, being 3.25% of amounts subscribed under the Offer, which were paid to the Manager, as Promoter to the Offer. £44,000 of costs relating to the Offer were recharged to the promoter by the Company.

Note f: The expenses of the EBF were £97,000. These were third party costs associated with the EBF and were charged to the Company but borne by those shareholders who participated in the EBF. No fees were charged by the Manager to the Company in respect of the EBF.

Note g: The cancellation of £41,620,000 from the Share Premium Account and £421,000 from the Capital Redemption Reserve (as approved at the meeting on 22 February 2013 and by the order of the Court dated 7 August 2013) has increased the Company's Special reserve. As at 30 September 2013, these amounts cancelled were not considered distributable, as all the relevant conditions for it to become distributable were not satisfied.

16 Net asset values

	2013 £'000	2012 £'000
Net Assets	73,673	58,997
Number of shares in issue	56,767,691	57,646,506
Net asset value per share	129.78p	102.34p

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

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	18,003	2,062
Net unrealised gains on investments	(17,167)	(2,057)
Net gains on realisation of investments	(1,191)	(364)
Transaction costs	(21)	(17)
Increase in debtors and prepayments	(2)	(14)
Increase/(decrease) in creditors and accruals	19	(27)
Net cash outflow from operating activities	(359)	(417)

18 Analysis of changes in net funds

	Cash £'000	Liquid resources £'000	Total £'000
At 30 September 2012	532	720	1,252
Cash flows	1,874	(566)	1,308
At 30 September 2013	2,406	154	2,560

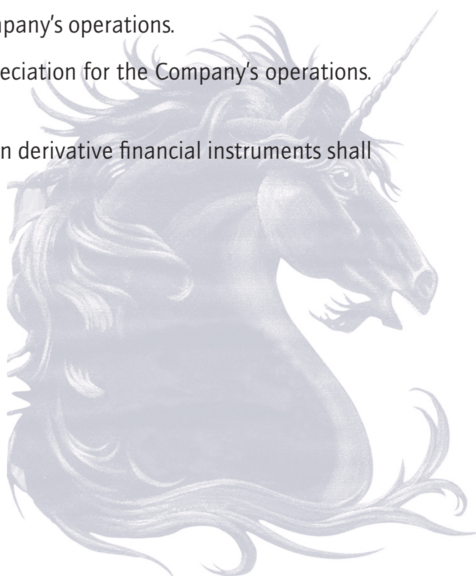
19 Financial instruments

The Company's financial instruments comprise:

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

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

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



Notes to the Financial Statements
for the year ended 30 September 2013

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 30 September 2013.

	2013 (Book Value) £'000	2013 (Fair Value) £'000	2012 (Book Value) £'000	2012 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment Portfolio	70,596	70,596	57,806	57,806
Current investments	154	154	720	720
Loans and receivables				
Accrued income	161	161	165	165
Other debtors	662	662	–	–
Cash at bank	2,406	2,406	532	532
Liabilities at amortised cost or equivalent				
Other creditors	(319)	(319)	(244)	(244)
Total for financial instruments	73,660	73,660	58,979	58,979
Non-financial instruments	13	13	18	18
Total net assets	73,673	73,673	58,997	58,997

The investment portfolio principally consists of fully listed and AIM quoted investments and collective OEIC investment funds managed by UAML, valued at their bid price which represents fair value. Current investments are Dublin based OEIC money market funds, discussed under credit risk management below.

The investment portfolio has a high concentration of risk towards small, UK based companies, nearly all of which are quoted on the £ denominated UK AIM market (70% of net assets), or within the OEIC funds managed by UAML (13% of net assets), unquoted investments (4% of net assets) and fully listed shares (8% of net assets).

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

Risk

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

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

The Company's maximum exposure to credit risks at 30 September 2013 was:

	2013 £'000	2012 £'000
Loan stock investments	1,950	1,650
Money market funds	154	720
Accrued income and other debtors	823	165
Cash at bank	2,406	532
	5,333	3,067

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

	2013 £'000	2012 £'000
Repayable or converting within		
0 to 1 year	100	–
1 to 2 years	250	1,400
2 to 3 years	1,300	250
3 to 4 years	–	–
4 to 5 years	300	–
Total	1,950	1,650

Included within loan stock investments above are loans at a carrying value of £550,000 (2012: £nil) which are not past their repayment date but have been re-negotiated.

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

Interest Rate Risk: The value of the Company's equity and non-equity investments, OEIC money-market investments and its net revenue may be affected by interest rate movements. Investments in the portfolio are in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate non-equity investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

Currency Risk: All assets and liabilities are denominated in sterling and therefore there is no currency risk.

Management of risk

Market Price Risk: At formal meetings held at least quarterly, and throughout the year, the Board reviews the Investment Manager's exposure to market price risk inherent in the Company's portfolio, achieved by maintaining an appropriate spread of equities and other instruments. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities, which are sufficient to meet any funding commitments that may arise. The Company does not use derivative instruments to hedge against market risk.

The three OEICS managed by UAML are diversified across a number of holdings with 68.9% invested in fully listed companies, and as such, are exposed to overall market risk.

As at 30 September 2013, the Unicorn Free Spirit Fund's portfolio contains stocks where 52.7% by value is in AIM listed stocks, and 42.1% is in fully listed stocks with an average market capitalisation of £1,620 million; the Unicorn UK Smaller Companies Fund contains 19.2% by value on AIM and 75.8% in fully listed stocks with an average market capitalisation of £406 million; the Mastertrust Fund contains 0.8% in AIM stocks, and 88.7% in fully listed stocks with an average market capitalisation of £4,101 million.

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

Credit Risk: All transactions are settled on the basis of delivery against payment. The Board manages credit risk in respect of the current investments and cash by ensuring that the administrator spreads such investments such that none exceeds 15% of the Company's total investment assets. The money market funds are triple A rated funds, which themselves hold a wide range of high credit grade instruments issued by many counter-parties and so the Company's credit risk exposure in respect of these is considered to be low. Exposure to these funds is monitored by the Board.

Credit Quality: Financial assets that are neither past due nor impaired comprise investments in equity shares, investments in OEICs, investments in loan stock, cash, money market funds and debtors. The credit quality of cash and money market funds 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 and AAA for money market funds. The credit quality of loan stock and debtors cannot be assessed with reference to external credit ratings.

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

Notes to the Financial Statements

for the year ended 30 September 2013

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2013 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	58,899	–	–	58,899	N/A	N/A
Unicorn OEICs	9,747	–	–	9,747	N/A	N/A
Loan stocks	–	1,950	–	1,950	8.28	1.88
Money market funds	–	–	154	154	0.33	–
Cash	1,591	–	815	2,406		
Debtors	823	–	–	823		
Creditors	(319)	–	–	(319)		
Total for financial instruments	70,741	1,950	969	73,660		
Other non financial assets	13	–	–	13		
Total net assets	**70,754**	**1,950**	**969**	**73,673**		

The interest rate profile of the Company's financial net assets at 30 September 2012 was:

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	48,256	–	–	48,256	N/A	N/A
Unicorn OEICs	7,900	–	–	7,900	N/A	N/A
Loan stocks	–	1,650	–	1,650	8.06	1.74
Money market funds	–	–	720	720	0.41	–
Cash	502	–	30	532		
Debtors	165	–	–	165		
Creditors	(244)	–	–	(244)		
Total for financial instruments	56,579	1,650	750	58,979		
Other non financial assets	18	–	–	18		
Total net assets	**56,597**	**1,650**	**750**	**58,997**		

Floating rate cash earns interest related to LIBOR rates.

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

Sensitivity analysis

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

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 each Fund's investments by asset class and market sector, and page 57 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation would not be the case in reality.

	2013 £'000 Profit and net assets	2012 £'000 Profit and net assets
If overall share prices rose/fell by 20% (2012: 20%), with all other variables held constant – increase/(decrease)	13,749/(13,749)	11,561/(11,561)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	24.22p/(24.22)p	20.06p/(20.06)p
If interest rates were 1% higher/(lower) (2012: 1%), with all other variables held constant – increase/(decrease)	8/(8)	10/(10)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.01p/(0.01)p	0.02p(0.02)p

Fair value hierarchy

The table below sets out fair value measurements using FRS29 fair value hierarchy. The Company has one class of assets, being at fair value through profit and loss.

Financial assets at fair value through profit and loss At 30 September 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	57,693	–	1,206	58,899
Loan stock investments	–	–	1,950	1,950
Open ended Investment Companies	9,747	–	–	9,747
Money market funds	154	–	–	154
Total	67,594	–	3,156	70,750

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

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

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

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

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

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

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

	Equity investments £'000	Loan stock investments £'000	Total £'000
Opening balance at 1 October 2012	141	1,650	1,791
Purchases	–	300	300
Sales	(5)	–	(5)
Transfers into Level 3	568	–	568
Total (losses)/gains included in (losses)/gains on investments in the income Statement:			
– on assets sold	(7)	–	(7)
– on assets held at the year end	509	–	509
Closing balance at 30 September 2013	1,206	1,950	3,156

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

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

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

	30 September 2013 £'000	30 September 2012 £'000
Investment methodology		
Cost (reviewed for impairment)	2,090	1,791
Asset value supporting security held	–	–
Recent investment price	1,066	–
Earnings multiple	–	–
Realisation proceeds	–	–
	3,156	1,791

The valuation methodology chosen is the most appropriate for that investment, with regard to the September 2009 IPEVCV guidelines. There are no other possible methods of valuation which would be reasonable as at 30 September 2013.

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

20 Management of Capital

The Board manages the Company's capital (effectively the net assets) to further the overall objective of providing an attractive return to shareholders through maximising the stream of dividend distributions from the income and capital gains generated by the portfolio.

Under VCT tax legislation, at least 70% of the Company's cash and investment assets (in practice the net assets) must at all times be invested in small UK companies. As an AIM VCT, the majority is held in ordinary shares quoted on the AIM market. Subject to retaining sufficient liquidity to cover outgoings, the level of capital deployed in such assets can and usually does exceed the 70% minimum. The overall level of capital deployed will change as the value of the investments changes. It is also reduced by dividend distributions and buying in the Company's own shares.

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

21 Segmental analysis

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

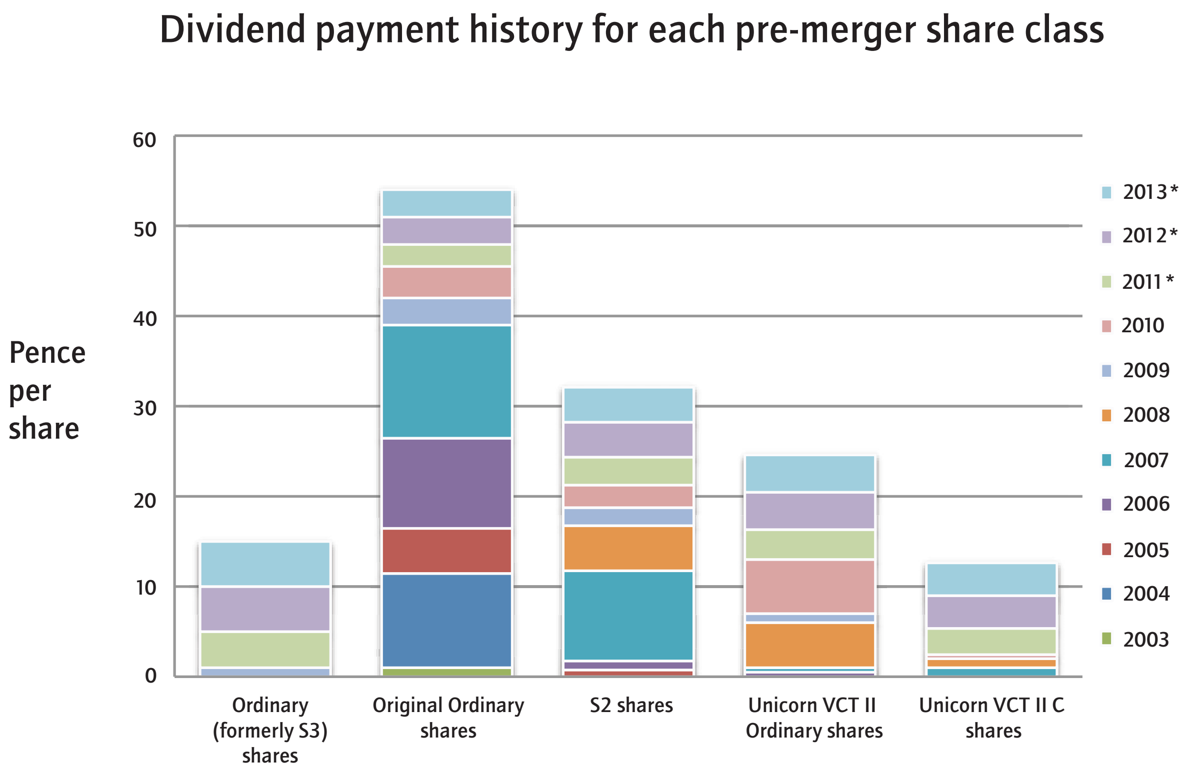
22 Post balance sheet events

On 9 October 2013, £500,000 was invested in each of The City Pub Company (East) plc and The City Pub Company (West) plc, both of which are unquoted investments.

On 6 November 2013, £1,750,000 was invested in Interactive Investor plc, an unquoted investment.

On 8 November 2013, 575,416 Ordinary shares were allotted at a price of 141.1 pence per share, raising net funds of £786,000.

Appendix – Dividend History



Dividends History

	Ordinary (formerly S3) (p)	Original Ordinary Shares (p)	S2 Shares (p)	Unicorn VCT II Ordinary Shares (p)	Unicorn VCT II C Shares (p)
Calendar year paid					
2013*	5.00	3.04	3.88	4.14	3.63
2012*	5.00	3.04	3.88	4.14	3.63
2011*	4.00	2.43	3.10	3.31	2.91
2010		3.50	2.50	6.00	0.45
2009	1.00	3.00	2.00	1.00	–
2008		–	5.00	5.00	1.00
2007		12.55	10.00	0.50	1.00
2006		10.00	1.00	0.50	
2005		5.00	0.75		
2004		10.45			
2003		1.00			
	15.00	54.01	32.11	24.59	12.62
Merger conversion ratio**	1.00000000	0.60781764	0.77503076	0.82830102	0.72677686

*The dividends in 2011, 2012 and 2013 on the Ordinary (formerly S3) Shares are also shown for each of the former share classes, calculated in proportion to the merger conversion ratios shown at the foot of the table above.

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

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".

Net asset value per share

The Company's NAV per share as at 31 October 2013 was 136.49 pence. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 6 pence per share. The dividend will be paid on 31 January 2014 to shareholders on the Register on 27 December 2013.

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by telephoning the Company's Registrars, Capita Asset Services on 0871 664 0324, (lines are open 8.30 am – 5.30 pm Mon – Fri, calls cost 10p per minute plus network extras - if calling from overseas please ring +44 208 639 2157) or by writing to them at Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

Financial calendar

December 2013	Circulation of Annual Report for the year ended 30 September 2013 to shareholders
27 December 2013	Record date for shareholders to be eligible for final dividend
10 January 2014	Annual General Meeting
31 January 2014	Payment date for final dividend subject to shareholder approval at the Annual General Meeting
May 2014	Announcement of Half-Yearly Results
June 2014	Circulation of Half-Yearly Report for the six months ending 31 March 2014 to shareholders
30 September 2014	Year-end
December 2014	Announcement of final results for the year ending 30 September 2014

Annual General Meeting

The twelfth Annual General Meeting (AGM) of the Company will be held on 10 January 2014 at 11am at the offices of SGH Martineau LLP, One America Square, Crosswall, London, EC3N 2SG. Shareholders may arrive 15 minutes before the AGM starts when tea and coffee will be served to shareholders. A short presentation will be given by the Investment Manager and one of the investee companies following the AGM. The Notice of the meeting is included on pages 63 to 66 of this Annual Report and a separate proxy form has been included with shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, Capita Asset Services at the address given on the Form, to arrive no later than 11am on Wednesday 8 January 2014.

Shareholder enquiries:

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

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

For enquiries relating to your shareholding, please contact Capita Asset Services on 0871 664 0324 or VCTs@capitaregistrars.com. Alternatively, you can make changes to your account, such as a change of address, by logging on to www.capitashareportal.com.

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

Information rights for beneficial owners of shares

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

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the twelfth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.00am on Friday, 10 January 2014 at the offices of SGH Martineau LLP, One America Square, Crosswall, London, EC3N 2SG for the purposes of considering the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:-

1. To receive and adopt the audited annual report and accounts of the Company for the year ended 30 September 2013 ("Annual Report"), together with the directors' report and auditor's report thereon.
2. To approve the directors' remuneration policy as set out in the Annual Report.
3. To approve the directors' remuneration report as set out in the Annual Report.
4. To appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor to the Company until the conclusion of the next annual general meeting.
5. To authorise the directors to determine BDO LLP's remuneration as auditor to the Company.
6. To re-elect Peter Dicks as a director of the Company.
7. To re-elect Jeremy Hamer as a director of the Company.
8. To approve the payment of a final dividend in respect of the year ended 30 September 2013 of 6.0 pence per ordinary share of 1 penny each, payable on 31 January 2014 to shareholders on the register on 27 December 2013.
9. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1 penny 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 £284,265, provided that the authority conferred by this Resolution 9 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 9 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2015 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 9 had not expired.
10. That, subject to the passing of Resolution 9 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 9 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:
    (i) the allotment and issue of equity securities up to an aggregate nominal value representing £227,412 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 per cent 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 10 or, if earlier, at conclusion of the annual general meeting to be held in 2015, 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.
11. 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 8,522,280 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 1 penny (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);

NOTICE of the ANNUAL GENERAL MEETING

(iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this Resolution 11 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2015; and

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

BY ORDER OF THE BOARD

Registered Office
30 Haymarket
London SW1Y 4EX

Mobeus Equity Partners LLP
Company Secretary

2 December 2013

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 alternatively contact the Company's registrars, Capita Asset Services, on 0871 664 0324 (lines are open between 9.00 am and 5.30 pm Monday to Friday, calls cost 10p per minute (including VAT) plus network extras – if calling from overseas please dial +44 203 170 0187 (international rates will apply)) to request additional copies of the proxy form. Different charges may apply to calls from mobile telephones and call may be recorded and randomly monitored for security and training purposes. For legal reasons Capita Asset Services will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

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

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

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

(vii) A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 11.00am on 8 January 2014 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

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

(ix) Please note that you can vote your shares electronically at www.capitashareportal.com

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

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

(xii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 am on 8 January 2014. 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 29 November 2013 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 56,853,107 ordinary shares of 1 penny each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 29 November 2013 was 56,853,107.

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

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

NOTICE of the ANNUAL GENERAL MEETING

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

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

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

Notes

Corporate Information

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

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

Secretary & Administrator
Mobeus Equity Partners LLP
30 Haymarket
London
SW1Y 4EX

Company Registration Number : 04266437

Website : www.unicornaimvct.co.uk

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

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

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

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

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

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

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

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

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

unicorn
ASSET MANAGEMENT

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C016891

Printed by
Fraser Hamilton Associates
Tel: 0208 493 0123