

Annual Report and Accounts

for the year ended 30 September 2018

UNICORN
AIM VCT PLC



Unicorn AIM VCT plc ("The Company")

Investment Objective

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

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 70% (80% for accounting periods commencing after 5 April 2019) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as permitted under VCT rules) to dividends or return of capital and no rights to redemption.

Contents

Financial Highlights.....	1
Strategic Report – Chairman's Statement	2
Investment Objective and Policy	6
Investment Manager's Review	12
Top Ten Investments	17
Investment Portfolio Summary	18
Board of Directors	28
Directors' Report	29
Directors' Remuneration Report	32
Corporate Governance Statement.....	35
Statement of Directors' Responsibilities	41
Independent Auditor's Report.....	42
Primary Financial Statements.....	46
Notes to the Financial Statements	50
Shareholder Information	66
Notice of Annual General Meeting	67
Corporate Information	71

Financial Highlights

for the year ended 30 September 2018

- Net asset value ("NAV") total return for the year ended 30 September 2018, after adding back dividends of 6.5p paid in the year, was 9.3%
- Final dividend of 3.5p proposed for the financial year ended 30 September 2018
- Offer for Subscription raised £19.4 million (after costs)

Fund Performance

Ordinary Shares	Shareholders' Funds* (£m)	Net asset value per share (NAV) (p)	Cumulative dividends paid per share (p) [†]	Net asset value plus cumulative dividends paid per share (p) [#]	Share price (p)
30 September 2018	201.4	171.8	48.0	219.8	144.0
31 March 2018	185.5	156.4	45.0	201.4	133.0
30 September 2017	175.5	163.1	41.5	204.6	141.5
31 March 2017	163.3	162.4	38.5	200.9	137.0

* Shareholders' funds/net assets as shown on the Statement of Financial Position on page 47.

[†] The Board has recommended a final dividend of 3.5p per share for the year ended 30 September 2018. If approved by Shareholders, this payment will bring total dividends paid since the merger with Unicorn AIM VCT II plc on 9 March 2010 to 51.5p.

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

Portfolio Summary

Allocation of qualifying investments by market sector

	As at 30 September 2018 %	As at 30 September 2017 %
Pharmaceutical & biotechnology	26.3	28.2
Software & computer services	19.6	19.2
Media	9.2	6.3
Financial services	7.3	8.3
Healthcare equipment & services	6.5	6.9
Support services	6.0	4.2
Travel & leisure	5.0	6.8
Industrial engineering	4.7	4.5
Chemicals	3.1	3.3
Aerospace & defence	3.0	3.8
Electronic & electrical equipment	2.9	0.2
Technology hardware & equipment	2.3	1.9
Real estate investment & services	1.8	2.3
Automobiles & parts	1.6	1.9
Industrial transportation	0.5	1.0
Food & drug retailers	0.1	1.0
Oil equipment & services	0.1	0.1
Household goods & home construction	-	0.1
Total	100.0	100.0

Strategic Report

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

The Investment Manager's Review on pages 12 to 16 also includes a balanced and comprehensive analysis of the development of the business during the financial year and the position of the Company's investments at the end of the year.

Chairman's Statement

I am pleased to present the Company's Audited Annual Report for the year ended 30 September 2018.

Economic and Market Review

The period under review was generally positive for UK equity markets, despite growing concerns surrounding the prospect of a global economic slowdown. During the twelve month period ended 30 September 2018, the FTSE 100 Index delivered a total return of 5.9%, while the FTSE AIM All-Share Index generated a stronger total return of 10.8%, largely driven by exceptionally strong performances from the three largest companies listed on AIM, none of which are held in the Company's portfolio.

After a difficult start to 2018, UK economic growth rebounded somewhat during the summer months, thanks mainly to a sustained period of favourable weather. Figures released by the Office for National Statistics record that the UK economy grew by 0.7% in the three month period to the end of August. The long, dry, warm summer appears to have triggered a recovery in consumer spending and has also been helpful for the construction and housebuilding sectors.

This recent improvement in the rate of economic growth may, however, prove to be a temporary phenomenon. In October, the International Monetary Fund issued a warning that the global economy was likely to be weaker than previously expected due to rising international trade tensions, higher oil prices and the negative impact of protracted and potentially unsatisfactory outcome to Brexit negotiations.

In the UK, steady inflation in the cost of basic goods and services is already becoming a problem, in particular since it has not yet been fully offset by a meaningful increase in real wages. The Bank of England has responded to the re-emergence of inflation by raising interest rates for only the second time in a decade and, although rates remain historically low at 0.75%, the increased cost of borrowing is now having a negative impact on the disposable incomes of the 3.5 million UK homeowners who hold variable rate mortgages. In such circumstances, it is clear that discretionary spending is likely to come under further pressure. A possible failure of Brexit negotiations combined with further political instability would only serve to undermine an already fragile UK economy.

On a positive note, however, the competitive value of Sterling has boosted export activity and has also resulted in an increase in the number of tourists visiting the UK. The relative weakness of Sterling offers some support to the services sector, upon which UK GDP growth is heavily dependent. This currency effect should continue to be helpful to the UK economy during 2019.

Investment Performance Review

I am pleased to report that the performance of the investment portfolio during the twelve month period ended 30 September 2018, resulted in another year of positive total returns. Net Asset Value per share increased from 163.1 pence to 171.8 pence during the period, making this the ninth consecutive financial year in which total returns to Shareholders have been positive. The increase in Net Asset Value was, in part, due to highly encouraging progress from two of the privately owned businesses held in the portfolio, both of which were subject to meaningful valuation uplifts at the financial year end. More detail on these two businesses can be found in the Investment Manager's Review on pages 14 and 15. After adding back the dividends paid in the period, the total return to Shareholders was +9.3%.

At the financial year end, the investment portfolio consisted of 77 active VCT qualifying companies and 24 non-qualifying companies.

As previously explained, new investment is now required to be targeted toward younger, less well-established businesses, which means they tend to be loss-making. Despite this change in focus, the majority of the Company's assets remain invested in operationally strong and financially robust businesses, which have matured sufficiently to allow them to be consistently profitable. As a consequence, many of the companies held in the portfolio are profitable and the majority are sufficiently cash generative to allow for the payment of dividends.

During the period under review, dividends were paid, or proposed, by approximately half of the 101 active companies held in the portfolio and dividend income received was just under £3 million.

Strategic Report

Net Assets

As at 30 September 2018, the audited net assets of the Company were £201.4 million, as compared to £175.5 million on 1 October 2017. This growth in total net assets was due to the support received from new and existing Shareholders under the Offer for Subscription which raised £19.4 million and the continued strong performance from the investment portfolio.

Portfolio Activity

It is pleasing to report on an active year for new investment, with the Investment Manager completing thirteen new VCT qualifying investments, while also making four VCT qualifying investments in businesses in which the Company already held an equity stake. In total, almost £19 million was invested in new VCT qualifying investments, while a further £5.1 million was allocated to companies already held in the portfolio.

A number of full and partial disposals were also made during the course of the financial year. Total proceeds from disposals of qualifying investments amounted to £2.3 million, resulting in an overall realised capital profit of £1.5 million. The Investment Manager also made a number of full and partial disposals in non-qualifying investments during the period. The total amount realised from these was £22.4 million and the overall realised capital gain amounted to £2.9 million.

A more detailed analysis of investment activity and performance can be found in the Investment Manager's Review on pages 12 to 16.

VCT Status

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

One of the key tests, which will apply from the start of the 2019/2020 tax year, is the requirement for at least 80% (from 70% previously) of a Venture Capital Trust's total assets to be invested in VCT qualifying companies. It is therefore gratifying to note that, in aggregate, the Company closed the financial year under review with 80.3% of its total assets (valued in accordance with VCT rules) already invested in VCT qualifying companies. All other HM Revenue & Customs tests have been complied with and the Board has been advised by PwC, the Company's adviser, that the Company continues to maintain its Venture Capital Trust status. It will, of course, remain a key priority of the Board to ensure that the Company retains this VCT status.

Shareholders should note that the Investment Manager's ability to make portfolio changes is at all times constrained by the need to remain compliant with VCT legislation, by the uncertain availability of suitable new VCT qualifying investments and by the limited liquidity in many AIM quoted shares. Shareholders therefore need to take a longer term view of their investment.

At the same time, it is also important that the Investment Manager remains in a position to assess new investments on their individual merits, rather than because of any pressure to meet new rules. For this reason, the Board will continue to control the amount of new capital available and carefully monitor the rate, scale and success of new VCT-qualifying investment activity.

Dividends

An interim dividend of 3.0 pence per share, for the half year ended 31 March 2018, was paid to Shareholders on 11 August 2018.

The Board is recommending a final dividend for the financial year ended 30 September 2018 of 3.5 pence per share (income: 1.0 pence; capital: 2.5 pence) to Shareholders, payable on 1 February 2019 to Shareholders on the register as at 11 January 2019.

Subject to receiving Shareholder approval for payment of the proposed final dividend, total dividends in respect of the financial year ended 30 September 2018, will be 6.5 pence per share, which is the same as the previous financial year. This represents a tax free yield to eligible UK Shareholders of 3.8% based on the year end Net Asset Value of 171.8 pence per share as at 30 September 2018 and 4.5% based on the year end share price of 144 pence per share.

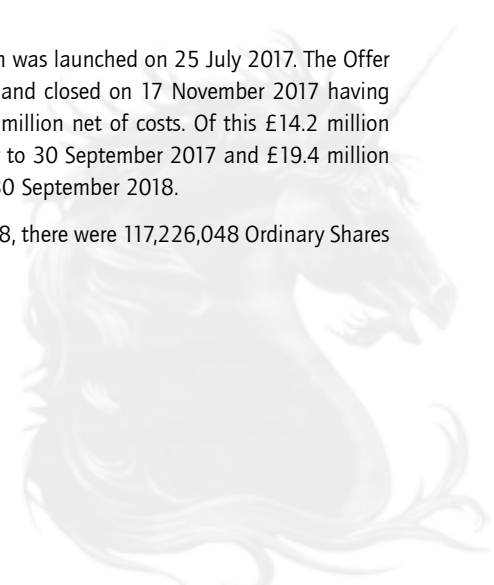
Share Buybacks and Share Issues

The Board continues to believe that it is in the best interests of the Company and its Shareholders to make market purchases of its shares from time to time. During the period from 1 October 2017 to 30 September 2018, the Company bought back 2,182,389 of its own Ordinary Shares for cancellation, at an average price of 142.1 pence per share including costs.

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

An Offer for Subscription was launched on 25 July 2017. The Offer was strongly supported and closed on 17 November 2017 having raised a total of £33.6 million net of costs. Of this £14.2 million was received in the year to 30 September 2017 and £19.4 million received in the year to 30 September 2018.

As at 30 September 2018, there were 117,226,048 Ordinary Shares in issue.



Strategic Report

Investment Management Agreement

During the year under review, the Board negotiated certain amendments to the Investment Management Agreement. The amendments include the reduction of fees on assets over £200 million to 1.5% of net assets and a reduction in the annual expenses cap to 2.75%. The amended Investment Management Agreement became effective on 1 October 2018. Further details can be found in note 3 on page 52.

Corporate Governance

The Board has noted the process undertaken by the Financial Reporting Council ("FRC") to review and update the UK Corporate Governance Code which will be incorporated into the amended Association of Investment Companies ("AIC") code which the Company follows. These changes will be applicable to the Company from 1 October 2019 and the Board will be considering its response to the changes that will be required, including the implications on its succession plans.

Registrars

Shareholders should note that, following a review of service providers by the Board during the year, it was decided to change our Registrar. We are grateful to Link Asset Services for their valuable service over many years but we believe that moving to a smaller provider should better serve the interest of the Company and its Shareholders. The changeover is scheduled to take place during February 2019.

Outlook

UK equity markets performed well in the period under review. The performance of the Company's investments has also been pleasing, not only because of the healthy total return generated in the period, but also because the Investment Manager has successfully deployed the majority of new capital raised in recent years. As a result, the portfolio now contains a meaningful number of investments in earlier stage businesses, which offer the potential for substantial returns as they develop over the coming years.

It should be remembered, however, that there is likely to be a higher failure rate among these more recent investments, since they are less well established and often still loss-making. As previously explained, this shift in emphasis toward investing in early stage, scale-up businesses is driven by the requirement to meet new rules introduced by the Government in November 2017.

Although most of the companies held in the portfolio remain in good operational and financial health and their management teams remain optimistic of being able to maintain growth, the outlook for equity markets has become less favourable. The new financial year has witnessed the emergence of significant volatility in global equity markets, with sharp falls being recorded in all major equity markets during October.

In the past few years, the threat of a 'bubble' developing in certain sectors has steadily increased, and this risk has become particularly evident in the heightened valuations of US and Chinese stocks. In recent weeks, valuations have fallen, with some technology stocks experiencing particularly sharp falls. Many AIM-listed stocks have also been badly affected and this has resulted in a difficult start to the Company's current financial year.

During October, the FTSE AIM All-Share Index fell by approximately 11% and this was reflected in a decline of similar magnitude in the Company's Net Asset Value.

In the absence of panic selling, however, stock markets often stabilise relatively quickly and a short-term correction could therefore be regarded as being welcome in that it provides an overdue and timely reminder of the risks involved in equity investing.

The Investment Manager has always adopted a long-term approach to investment and the portfolio has proven its resilience in the past by successfully weathering periods of extreme market turbulence. The Board is therefore confident that the Company remains well-placed to withstand short-term challenges.

Finally, I would like to take this opportunity to thank all Shareholders for their continued support of the Company and to invite you to attend the Company's Annual General Meeting. This is to be held on 10 January 2019 at The Great Chamber, The Charterhouse, Sutton's Hospital, Charterhouse Square, London EC1M 6AN. Full details can be found on page 67.

Peter Dicks

Chairman

26 November 2018

Strategic Report

The Company and its Business Model

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

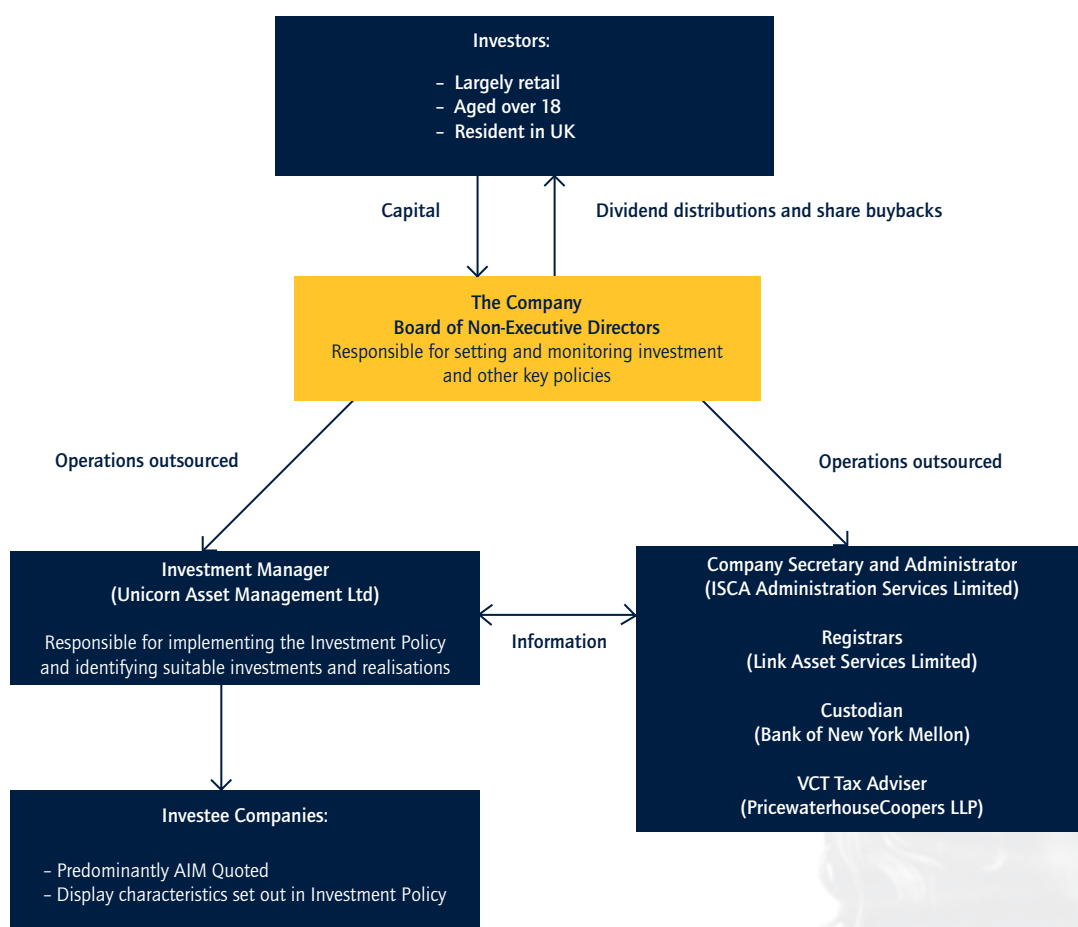
The Company's shares are listed on the London Stock Exchange main market under the code UAV and ISIN GBO0B1RTFN43.

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

diagram below. Further information on the service providers is outlined in the Corporate Governance Statement on page 37.

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

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



Strategic Report

The Board's Strategy

Investment Objective

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

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this, at least 70% (80% for accounting periods commencing after 5 April 2019) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as permitted under VCT rules) to dividends or return of capital and no rights to redemption.

Investment Policy

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

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

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

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

Asset mix

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

Borrowing

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

The effect of any borrowing is discussed further on page 30 under "AIFMD".

Performance during the year

As at 30 September 2018, the audited NAV of the Company was 171.8 pence per share, having risen by 8.7 pence (2017: 2.6 pence) from 163.1 pence per share at the start of the financial year under review. After adding back dividends of 6.5 pence per share paid in the year, the total return to Shareholders was 15.2 pence (2017: 11.85 pence) or 9.3% (2017: 7.4%) of the NAV at the start of the financial year. In comparison, the total return from the FTSE AIM All-Share Total Return Index was 10.8% over the same period. The audited net assets of the Company were £201.4 million (2017: £175.5 million) at the financial year end.

At the financial year end, there were 77 active VCT qualifying and 24 non-qualifying companies held in the portfolio. These investments are spread across 23 different sectors. Many of the businesses invested in are cash generative and operate with strong balance sheets. The Investment Manager continues to focus on a select number of key metrics in order to monitor and assess the financial health of these businesses. These metrics continue to improve for most of the companies held in the portfolio. Historically, investment has normally been committed to new companies if they are profitable at the time of first investment, although in light of the new State Aid funding rules, VCT qualifying investments are now being made in earlier stage businesses.

In the year to 30 September 2018, a total of £24.7 million was realised through the sale of investments while £19.4 million (after costs) was raised from an Offer for Subscription. An amount of £48.6 million was deployed in new investments and approximately £7.6 million was paid out as dividends to Shareholders. A further £4.4 million was spent on the operating costs of the Company and £3.1 million on share buybacks.

Over the 12 months to 30 September 2018 there was a net gain on investments of £18.6 million and the total profit on ordinary activities was £17.3 million, equivalent to earnings of 14.8 pence per share. The profit on the revenue account was £1.4 million.

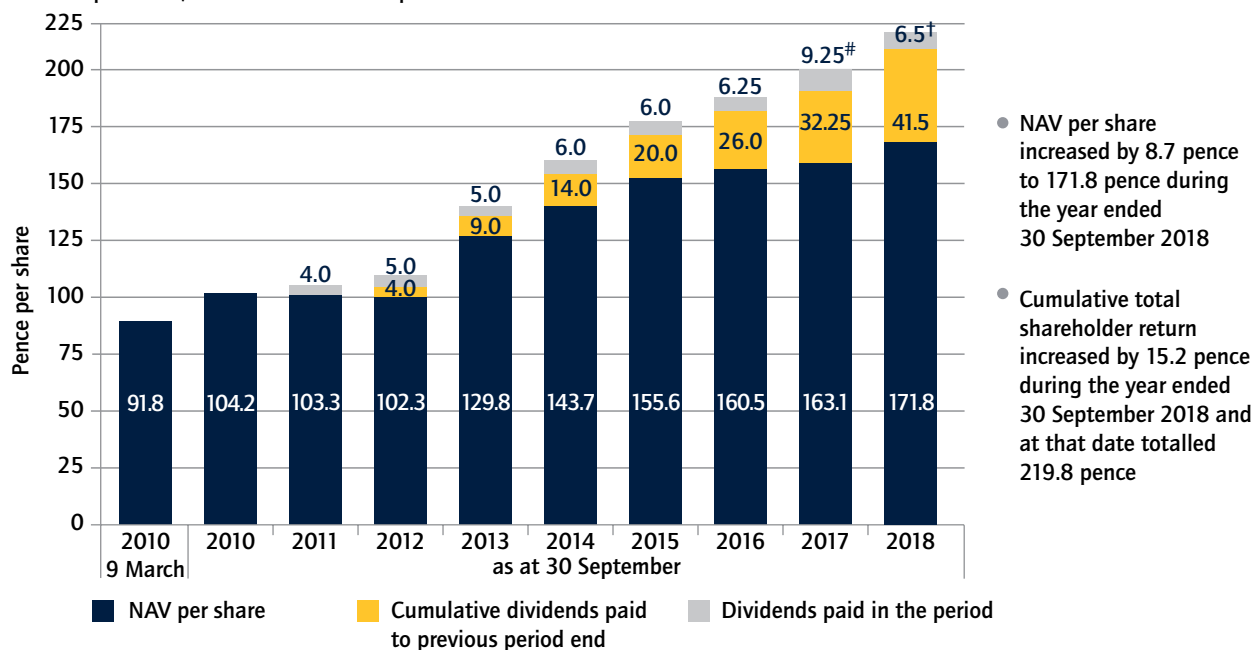
Since the merger with Unicorn AIM VCT II plc, which was completed in March 2010 when all previous share classes merged, the total return to Shareholders has been 139%, including the payment of 48.0 pence per share in dividends, which have been tax free to qualifying Shareholders.

Strategic Report

Key Performance Indicators

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

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



- NAV per share increased by 8.7 pence to 171.8 pence during the year ended 30 September 2018
- Cumulative total shareholder return increased by 15.2 pence during the year ended 30 September 2018 and at that date totalled 219.8 pence

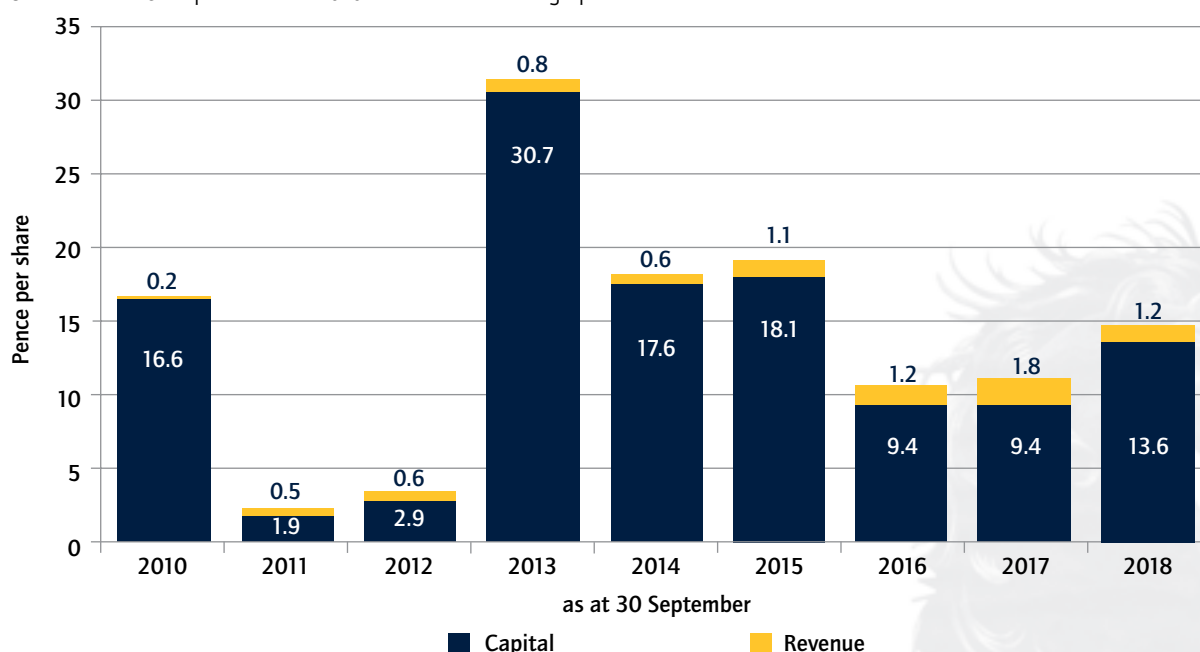
* The cumulative total Shareholder return since the merger of the Company with Unicorn AIM II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 128.0 pence representing the cumulative dividends paid of 48.0 pence plus the increase in NAV per share of 80.0 pence since that date.

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

[†] Including 3.0 pence interim dividend paid on 10 August 2018.

Earnings per share*

The earnings per share for the year ended 30 September 2018, together with those of previous financial years since the merger with Unicorn AIM VCT II plc in March 2010 are outlined in the graph below:

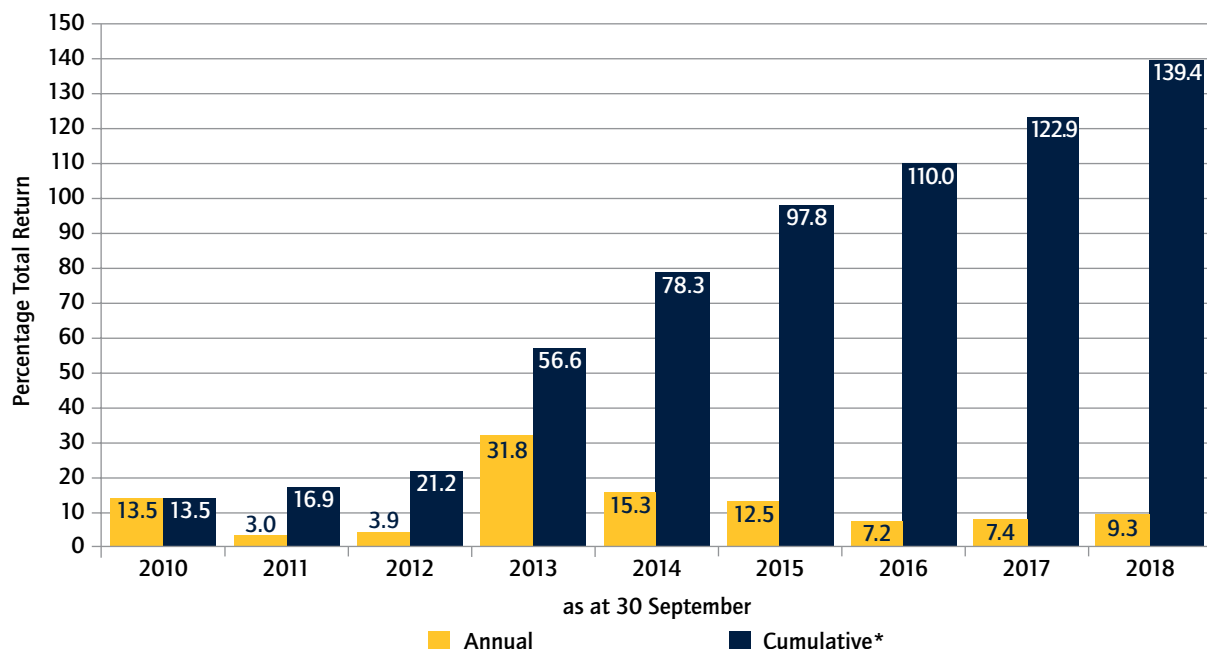


* Total earnings including unrealised gains/(losses) on investments after taxation divided by weighted number of shares in issue.

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

Strategic Report

■ Annual and cumulative total return



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

■ Running Costs

The Ongoing Charges of the Company for the financial year under review represented 2.2% (2017: 2.2%) of average net assets, which is well below the agreed cap of 3.6% and remains competitive against other VCTs.

As shown in note 3 on page 52, the Investment Manager receives a management fee of 2% per annum of net assets (excluding OEICs managed by the Investment Manager). Other expenses are shown in note 4 on page 53. From 1 October 2018 the Investment Manager will receive a management fee of 2% per annum of net assets up to £200 million and 1.5% per annum of net assets in excess of £200 million (excluding OEICs managed by the Investment Manager). In addition the Ongoing Charges cap will reduce to 2.75% per annum.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in Shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future. The costs of trail commission paid to intermediaries of £158,000 is not included in this calculation.

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

Key Events during the Year

The Company raised £19.4 million (after costs) through the Offer for Subscription and issued 11,827,331 shares, details of which are given in note 13 on page 58.

Key Policies

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

■ Dividend policy

The Board remains committed to a policy of maintaining a steady flow of dividend distributions to Shareholders from the income and capital gains generated by the portfolio. Total dividends of 6.5 pence per share were paid during the year, which amounted to £7.6 million. Since the original launch of Unicorn AIM VCT in 2001, Shareholders have, in aggregate, received approximately £59.5 million in dividend distributions, including those paid to former shareholders in Unicorn AIM VCT II plc.

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

The Company paid an interim dividend during the year of 3.0 pence per share on 10 August 2018.

The Directors are recommending a final dividend of 3.5 pence for approval at the Annual General Meeting to be held on 10 January 2019. This would bring total dividends to 6.5 pence for the year under review.

Strategic Report

■ Share buybacks and discount policy

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

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

- i) Regular share buybacks provide a reliable mechanism through which Shareholders can realise their investment in the Company, rather than being reliant on what is typically a limited secondary market.
- ii) Share buybacks, when carried out at a reasonable discount to underlying net assets, help modestly to enhance NAV per share.
- iii) Implementing share buybacks on a regular basis may help to control the discount to NAV.

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

The Company has continued to buy back shares for cancellation at various points throughout the financial year in accordance with the above policy. A total of 2,182,389 shares with a nominal value of £21,824 were purchased for cancellation during the course of the year, at an average price of 142.1 pence per share, for a total consideration of £3.1 million. At the financial year end, the Company's shares were quoted at a mid price of 144.0 pence per share representing a discount to NAV per share of 16.2%. This was before the announcement of the upward revaluation in unquoted investments following the year end.

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

■ Principal risks and uncertainties

The Directors have carried out a review of the principal risks faced by the Company as part of the internal controls process, as outlined below. Note 17 to the Financial Statements on pages 59 to 65 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 share or investment selection could lead to poor returns to Shareholders.	<ul style="list-style-type: none"> • Regular review of investment strategy by the Board. • Monitoring of the performance of the investment portfolio on a regular basis. • All unquoted investments require prior investment authorisation from the Board.
Regulatory and tax risk	The Company is required to comply with the Companies Act 2006, ITA, AIFMD (as applicable to small registered UK AIFMs), UKLA Rules and UK Accounting Standards. Breaching these rules may result in a public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the ITA. Should this occur, Shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gains received if they dispose of their shares.	<ul style="list-style-type: none"> • Regulatory and legislative developments are kept under close review by the Board. • The Company's VCT qualifying status is continually reviewed by the Investment Manager and the Administrator. • PricewaterhouseCoopers LLP has been retained by the Board to undertake an independent VCT status monitoring role.
Operational risk	The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation of assets.	<ul style="list-style-type: none"> • Internal control reports are provided by service providers on an annual basis. • The Board considers the performance of the service providers annually and monitors activity on a monthly basis.

Strategic Report

Risk	Possible consequence	How the Board guards against risk
Fraud and dishonesty risks	<p>Fraud involving Company assets may occur, perpetrated by a third party, the Investment Manager or other service provider.</p> <p>Cyber attacks on the Company could lead to financial loss and impact the Company's reputation.</p> <p>Cyber attacks on the Company's investee companies could affect the value of the Company's investments.</p>	<ul style="list-style-type: none"> Internal control reports are provided by service providers on a regular basis. The Administrator is independent of the Investment Manager. The Board engaged a cyber-security firm to review the Company's systems and those of its suppliers.
Financial Instrument risks	<p>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.</p>	<ul style="list-style-type: none"> The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 17 on pages 59 to 65.
Economic risk	<p>Events such as recession, inflation or deflation, movements in interest rates and technological change can affect trading conditions and consequently the value of the Company's investments.</p> <p>The withdrawal of the UK from the European Union creates significant uncertainty in markets and regulatory environments which may affect the value of the Company's investments.</p> <p>Other geopolitical issues may affect the Company's performance at both macro and micro economic level.</p>	<ul style="list-style-type: none"> While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst seeking to maintain adequate liquidity.

The Regulatory Environment

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

Human rights

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

Diversity

The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity. Appointments to the Board are made according to expertise and knowledge. The Board comprises three male and one female non-executive Directors and the Board has confirmed that it is content with its current composition although in the light of the new code being introduced this will be reviewed in the current year. The Board will consider gender diversity when making future appointments.

Anti-bribery, corruption and tax evasion policy

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

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

Environmental and social responsibility

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

Viability Statement

The Board has considered the requirement to confirm that the Company is able to meet all liabilities when due and that it can continue to operate for a period of at least twelve months from the date of signing the Annual Report. The Directors state on page 30 that they consider the Company is a going concern over this timeframe.

Under the UK Corporate Governance code there is a requirement that the Board performs a robust assessment of the principal risks relating to the Company. The last review was performed in July 2018.

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

Strategic Report

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

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

- At the year end the Company has a diversified investment portfolio including approximately £178 million invested in readily realisable listed shares and a further £6 million in open ended funds and cash. The Company therefore has sufficient liquidity in the portfolio.
- The ongoing charges ratio of the Company as calculated using the AIC recommended methodology equates to 2.2% of net assets, which is competitive for the VCT sector.
- The Board anticipates that there will continue to be suitable qualifying investments available that will enable the Company to maintain its operations successfully over the five year time horizon.
- The Company has no debt or other external funding apart from its ordinary shares.

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

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

Prospects

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

For and on behalf of the Board

Peter Dicks

Chairman

26 November 2018



Investment Manager's Review

Introduction

The audited net assets of the Company totalled £201.4 million as at 30 September 2018, and the audited Net Asset Value per share was 171.8 pence. New capital received from the Offer for Subscription, combined with another year of positive investment performance, resulted in net assets increasing by £25.9 million during the financial year under review. The net proceeds from new shares issued and allotted in the period from the Offer for Subscription, totalled £19.4 million, while the capital gain from the portfolio amounted to 13.6 pence per share. After adding back the £7.6 million in dividends paid in the period, the total return amounted to 15.2 pence per share; representing an increase of 9.3% upon the opening net asset value of 163.1 pence.

Market Review

The recovery in UK equity markets since March 2009 has been described as being one of the most reluctant bull markets in history. Despite a few notable bumps along the way, such as the re-emergence of a potential Eurozone crisis in 2011, and the Government's decision in 2015 to introduce the European Union Referendum Bill, UK equity markets have continued to rise.

In an environment dominated by quantitative easing and ultra-low interest rates, asset allocators have had few realistic alternatives to investment in equities. The limited appeal offered by bond and property investment has resulted in an increasing weight of money flowing into developed equity markets around the world. In the US in particular, this equity bias has been heightened by an explosion in the popularity of low cost, Exchange Traded Funds (ETFs) and by the seemingly unstoppable progress of a handful of high growth, mega-cap technology stocks. Inevitably, these factors have combined to increase the risk of a correction, as individual company valuations have in many cases reached record highs, despite obvious and mounting economic and political risks.

In the weeks following the end of the Company's financial year, the direction of global stock markets finally went into reverse, as risk aversion increased and a sell-off in equities gathered momentum. At the time of writing it remains to be seen whether recent falls in global stock markets are a temporary phenomenon or a precursor to a more serious correction in equity valuations.

Performance Review

The investment portfolio made good progress overall during the period under review.

It has also been a productive period for new investments as the number of interesting investment opportunities increased.

As in previous years however, there have been a few disappointing performances from investee companies. In aggregate, these setbacks have been more than offset by strong performances from the majority of holdings in the portfolio.

The investment portfolio remains diversified both by number of holdings and by sector exposure. At the financial year end, the Company held investments in 77 active VCT qualifying companies and 24 non-qualifying investments. These investments are spread across 23 different sectors.

Qualifying Investments

A review of the ten most meaningful contributors to performance from VCT qualifying investments (both positive and negative) follows (bracketed figures represent the share price movement for the year under review or since the date of investment on a mid-price basis):

Abcam (+40.6%) is a global leader in the supply of research tools to the life sciences sector. Despite a somewhat volatile share price performance, Abcam again delivered strongly positive total returns in the year under review. In early September, Abcam released preliminary results for its financial year ended 30 June 2018, reporting another year of strong operational and financial performance. Total revenues increased by 10.7% on a constant currency basis to £233.2 million, while adjusted earnings per share gained by 27.1% to 32.4p. Abcam remains a highly cash generative business, reporting a net operating cash inflow for its financial year to the end of June 2018 of £63.3 million. Strong free cashflow is enabling management to significantly increase investment in infrastructure, systems and processes in order to support future growth. In the period following the release of final results, Abcam's share price has been under pressure. This share price weakness appears to have been caused by profit taking, combined with some concern surrounding the possible impact on profit margins as a result of increased levels of investment.

AB Dynamics (+113.2%) is a designer, manufacturer and supplier of advanced testing systems and measurement products to the global automotive industry. Interim results for the six month period to 28 February 2018 were announced in April 2018 and reported on a positive period of trading. Key highlights of the results included a 39% growth in revenues to £15.3 million and a 34% increase in adjusted pre-tax profit to £3.3 million. AB Dynamics continues to experience strong demand for its specialised products and services, including 'Guided Soft Targets', which are used to test Advanced Driver Assistance Systems (ADAS). Such systems are currently being rapidly developed by all of the major global car manufacturers and AB Dynamics is well positioned to exploit this demand. In order to take full advantage of all current opportunities and to avert any possible Brexit disruption, AB Dynamics has established a new operating entity in Germany, which provides improved customer service and local engineering resource. In addition, the Group continues to commit substantial investment to expanding staff numbers and improving facilities in order to support its ambitious growth plans.

Investment Manager's Review

Animalcare Group (-48.0%) is a leading developer and supplier of veterinary pharmaceutical products across the UK and Europe. Animalcare's results for the financial year ended 31 December 2017, which were reported in May 2018, covered a challenging period for the group, with underlying earnings per share declining by 24.6% to 12.6p. This fall in profitability was partly a result of a substantial increase in shares in issue following the acquisition of Ecuphar, a pan-European veterinary pharmaceuticals business. Gross margins were impacted by a higher proportion of sales coming from lower margin animal products, together with unexpected pressure on pricing in their important range of antibiotic products. Encouragingly, interim results covering the six month period to 30 June 2018 recorded growth in revenues of 4.8% to £47.8 million, and a 5.1% improvement in adjusted EBITDA to £6.3 million. The improvement in profitability has been achieved through tighter control of costs. Although the interim results represented an overall improvement in trading and financial health, investors remain concerned about the possible impact of an unsatisfactory Brexit deal and are still sceptical about the timing and benefits of the Ecuphar acquisition. In order to help reassure the market and strengthen the balance sheet, Animalcare has disposed of its low margin wholesale business. The proceeds from this disposal will be used to pay down borrowings and to help fund future product development. Animalcare's share price has more than halved since the transaction with Ecuphar was announced in June 2017 and in light of this disappointing performance, a new Chief Executive Officer was appointed to the company with effect from 1 October 2018.

Anpario (+23.2%) is a specialist manufacturer and distributor of natural feed additives for animal health, nutrition and biosecurity. Interim results for the six month period to 30 June 2018 were announced in September 2018. Anpario continues to deliver steady growth, with diluted earnings per share for the half-year period increasing by 14% to 8.7p. This growth has been achieved despite sales being impacted by foreign currency headwinds. Economic problems in Latin American markets also led to reduced demand from this region, but this was largely offset by positive performances from UK, European and US markets. Anpario retains a very strong balance sheet with net cash balances of £12.6 million at the half-year end. As a consequence the Board announced an increase of 10% in the interim dividend to 2.2p, reflecting the management team's confidence in the outlook.

City Pub Group (+33.1%) owns and operates an estate of premium pubs across the southern half of England and Wales. The group was formed through the merger of The City Pub Company (East) and The City Pub Company (West) in which the Company had held qualifying investments since October 2013. In November 2017, City Pub Group successfully completed an Initial Public Offering by listing its shares on AIM. As part of this exercise, City Pub Group raised £35 million of new equity in order to help fund further expansion of its pub estate. Interim results for the six month period ended 1 July 2018, which were released in September, reported on a particularly strong period of growth driven by the opening of

nine new pubs. Overall trading was also assisted by a prolonged period of good summer weather and the impact of a reasonably successful England campaign at the football World Cup. Strong trading momentum has continued in the second half of fiscal year 2018 and management confidently expect to deliver further growth from continued strong trading combined with scale benefits derived from a rapidly growing estate of pubs.

Crawshaw Group (-82.1%) is a retailer of fresh meat and food-to-go with stores across the Midlands and the North of England. In September, Crawshaw reported interim results for the six months ended 29 July 2018, during which period trading remained extremely challenging. Ongoing weakness in sales from its high street shops resulted in a 13.2% decline in group like-for-like revenues. Gross margins softened from 42.9% in the prior year half-year period to 39.6%, resulting in pre-tax losses widening to £1.7 million from £1.2 million in the first-half of 2017. The extremely challenging trading conditions being experienced by its high street shops has placed the group under significant financial strain and there now appears to be no realistic prospect of engineering a palatable solution for existing shareholders. On 26 October 2018, the Board of Crawshaw announced that it was considering a number of remedial actions including raising additional funding through an equity capital raising. Unfortunately, discussions with existing and prospective investors have been unsuccessful and, in the absence of further funding, the business does not have sufficient cash resources to effect the required restructuring. The Board of Crawshaw has therefore taken the decision to place the company into administration with the purpose of seeking buyers for the group's business and assets on a going concern basis. As a consequence of these recent developments, the Company's holding in Crawshaw has now been written down to nil value.

Idox (-45.7%) is a supplier of specialist software and services predominately to the UK public sector. Final results for the year ended 31 October 2017 were reported in March 2018 and covered a challenging period for the company. Despite revenues increasing by 16% to £88.9 million, adjusted pre-tax profit declined by 27.5% to £12.1 million. Profitability was lower due to contract delays in 6PM, a recently acquired company that provides software services principally to the NHS. Accounting issues were also uncovered by an internal audit, which resulted in an impairment charge of £2.7 million to the value of 6PM. Interim results covering the subsequent six months reflect the ongoing challenges faced by Idox. In the half year to 30 April 2018, adjusted EBITDA declined by 72% to £2.7 million due mainly to lower levels of revenue and higher costs. A new Chief Executive has now been appointed with a clear brief to restructure the company, reduce costs and review contract terms and pricing. The Board is optimistic that restructuring will result in an improved financial performance in the second half of the company's financial year and that undertaking remedial action now will also help improve the quality of Idox's longer term earnings.

Investment Manager's Review

Stride Gaming (-59.5%) is a leading online gaming operator that utilises a combination of proprietary technology and licensed software to offer gaming products direct to the consumer. Interim results for the six month period to 28 February 2018 were reported in May 2018. Net Gaming Revenues increased by 14% to £44.9 million, driven by a 25% growth in Real Money Gaming on the group's proprietary platform to £29.7 million. However, profitability was negatively impacted by changes in gaming duty, which reduced EBITDA by £1.7m, together with higher administrative costs following a period of investment in the business. Despite these increased costs, the business remains cash generative, reporting net operating cash flow of £9.0 million for the six month period and ending the half-year period with net cash of £22.4 million. Stride Gaming's share price came under further pressure following an announcement that the Gambling Commission of Great Britain ("UKGC") intends to levy a significant financial penalty in relation to the manner in which the company has historically carried out its licenced gaming activities. A subsequent update, released in September 2018, confirmed that a decision by UKGC is expected by the end of 2018. A provision of £4 million is to be taken in the company's financial year ended 31 August 2018. Trading during the second-half of the financial year was reported to be in line with expectations, notwithstanding this challenging backdrop.

Totally (-51.0%) is a provider of out-of-hospital services to the healthcare market in the UK. Final results, covering a 15 month accounting period ended 31 March 2018, were announced in July 2018. This extended financial period included the transformational acquisition of Vocare in October 2017. Vocare is a leading specialist provider of urgent and out-of-hours care services across the UK. The management team is now focused on integrating the two businesses in order to generate cost synergies. Totally's existing operations continue to perform well. Several new contracts and extensions to various existing contracts have been announced in recent months. Financial highlights for the 15 month period included total revenue of £42.5 million (FY16: £4.0 million) and pre-tax profit of £2.1 million (FY16: £1.5 million loss). Totally's balance sheet remains strong, with net cash of £10.2 million as at 31 March 2018. The Group should now be well placed to grow both organically and through complementary acquisition.

Tracsis (+64.0%) is a leading provider of specialist software and services, mainly to the transportation industry. Tracsis reported robust interim results in March 2018, which demonstrated strong organic revenue growth in the company's Rail Technology & Services and Traffic & Data Services divisions. A subsequent update, covering the company's financial year to 31 July 2018, confirmed that trading remained strong during the second-half. As a result, adjusted profit is now expected to be ahead of analysts' forecasts. Management successfully completed two acquisitions in the period; Travel Compensation Services and Delay Repay Sniper. Both of these businesses are highly complementary to the group's rail software division and provide compelling cross-selling opportunities to the division's train operating customers.

Material Contributions

In absolute terms, the top five positive contributors, described above generated a combined realised and unrealised capital gain of £17.8 million. The next five largest contributors were; **Keywords Studios** (+40.8%), **Access Intelligence** (+45.5%), **Augean** (+109.9%), **Creo Medical** (+41.1%) and **Instem** (+83.9%). In aggregate, these five investments generated an unrealised capital gain of almost £5 million.

In absolute terms, the five largest detractors from performance, described above generated a combined, unrealised capital loss of £8.3 million. In absolute terms, the next five largest negative contributions came from; **ECSC Group** (-25.0%), **Escape Hunt** (-24.8%), **Falanx Group** (-16.6%), **PCI-PAL** (-51.4%) and **Wey Education** (-57.8%). The aggregate unrealised capital loss in the period from these five investments amounted to £2.6 million.

One other disappointing investment that requires comment is **Uvenco**, a vendor of drinks and snacks through vending machines. It is disappointing to report that the value of the holding in Uvenco, fell to zero during the year under review. Uvenco operated in extremely competitive markets and was unable to continue trading without securing significant further funding support, which ultimately was not forthcoming. As a result, Uvenco sold its remaining assets in order to pay down outstanding debt and is now in a process of voluntary liquidation. The impact on portfolio performance in the period under review was negligible, since the investment in Uvenco had fallen to a nominal value in previous years.

Finally, on a very positive note, it is pleasing to note that two VCT qualifying investments in unquoted companies have been the subject of meaningful uplifts to their respective carrying values as a consequence of successful trading and significant growth over the past twelve months. The two companies concerned are Hasgrove and Interactive Investor.

Hasgrove is the name of the holding company under which lies an operating company called Interact. Interact is a software as a service business offering state of the art corporate intranets to businesses around the world. The scale and rate of growth in winning new, high value contracts has been impressive for some time. Momentum in the business is being maintained such that Interact has become a highly profitable and cash generative business with rapidly increasing monthly, recurring revenues. As a consequence, the carrying value of the Hasgrove shares in the portfolio has been increased from 125 pence per share to 384 pence per share; an increase of 207%, equating to an unrealised capital gain for the financial year under review of £4.3 million.

Interactive Investor is an online investment platform that provides retail investors with unbiased financial information, together with a trading and portfolio management platform which enables them to self-manage their investments. In the past twelve months, Interactive has raised significant new capital, completed two major acquisitions and successfully disposed of a non-core asset. The business now has significantly greater scale, is more profitable and

Investment Manager's Review

is continuing to demonstrate strong growth. Until the end of the financial year under review, the stake in Interactive was held in the portfolio at a carrying value of £39.00 per share. As a consequence of a recent transaction in the shares of Interactive at a price of £78.40 per share, the carrying value of this investment has now been adjusted upwards to this level. This represents an uplift in value of slightly over 101% and equates to an unrealised capital gain during the financial year of £3.1 million.

Non-Qualifying Investments

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

The non-qualifying investments held by the Company, are typically in larger, more liquid quoted companies that are listed on the FTSE 350 Index. In the main, these investments performed satisfactorily in the period under review. The strongest contributors to performance were; **Macfarlane** (+50.8%), **Royal Dutch Shell** (+7.7%), and **Victrex** (+25.4%), each of which delivered (realised and unrealised) capital gains of over £0.5 million.

In contrast, the biggest, and only meaningful detractor, from overall performance was **Renold** (-24.5%), which registered an unrealised capital loss of just under £0.4 million in the period under review. Renold is an international engineering business, specialising in the manufacture of industrial chain and torque transmission systems. Demand for Renold's products has been subdued in the period, while trading has also been affected by uncertainty among its customers about Brexit.

Investment Activity

It has been a busy period for the Company in terms of new investment activity, as the number and quality of investment opportunities improved during the year. This enhanced level of deal flow has enabled the Investment Manager to remain selective, while at the same time allowing the deployment of the majority of the new capital raised in recent years. During the period under review, seventeen VCT qualifying investments were made at a total cost of just over £24 million. Most of the new, VCT qualifying investments have performed satisfactorily, however, given the early stage nature of many of these businesses, it is not altogether surprising that short-term share price performance has been disappointing in a number of cases.

Of the total amount invested, almost £19 million was committed to thirteen new VCT qualifying opportunities, while just over £5 million was allocated to investments in four VCT qualifying companies in which the Company already held a stake.

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

Angle – a medical diagnostics company focused on the development of a non-invasive liquid biopsy platform to separate Circulating Tumour Cells (CTCs) and other rare cell types from whole blood samples.

Avacta Group – a biopharmaceutical company engaged in the development of protein-based reagents, which are an emerging

alternative to antibodies and which can be used in a range of life science applications.

Creo Medical – a medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery.

Falanx Group – a provider of security products and services to clients to enable them to prevent cyber attacks.

Fusion Antibodies – a business offering a range of antibody engineering services for the development of antibodies for both therapeutic drug and diagnostic companies.

Immotion Group – a provider of immersive 'out-of-home' virtual reality experiences by combining state-of-the-art 'motion platform' technology and proprietary content.

LightwaveRF – a specialist radio frequency (RF) technology company enabling households and businesses to remotely operate and control household applications through smartphones and other web-based applications.

Microsaic Systems – a designer and manufacturer of bench-top mass spectrometry (MS) technology, focused on early drug development and life science markets.

nkoda – a private company that has developed an online platform containing the world's largest library of digital sheet music with over 30 million licensed pages of music from the world's leading classical music publishers.

PCI-PAL – a provider of secure cloud payments solutions, enabling call centres to process sensitive customer data securely.

Trackwise Designs – a manufacturer of specialist products using printed circuit technology, across a wide range of applications including telecommunications, aviation, automotive and defence.

VR Education – a software firm specialising in the use of virtual/augmented reality in the social and education sectors.

Wey Education – an education group, which provides online education services using state of the art digital technology.

Follow-on VCT qualifying investments were made in **Access Intelligence**, **Bonhill Group** (previously Vitesse Media), **Hardide** and **Osirium Technologies**.

The pipeline of possible future VCT qualifying investments continues to look promising. The number of businesses that are seeking an AIM listing for the first time has improved despite the introduction in November 2015 of new and more restrictive rules surrounding eligibility for State Aid funding. Inevitably, the risk profile of new investments has increased somewhat. HM Treasury and HMRC are rightly focused on ensuring that new capital raised under tax efficient schemes, such as Venture Capital Trusts, is directed toward earlier stage businesses that are looking to scale-up their operations, but where alternative forms of funding, such as bank debt, are harder to come by and typically too expensive. We are fully supportive of this policy and have a long established track record of successfully supporting early stage businesses.

Investment Manager's Review

Encouragingly, the Company remains in a strong position with regard to one of the key tests imposed by HMRC in which a VCT has to invest 70% (80% from 6 April 2019) of its total assets in VCT qualifying companies. As at the year end date, 80.3% of the Company's assets were invested in VCT qualifying companies, thereby enabling the Investment Manager to focus on the merits of potential new investments, rather than being under pressure to invest simply in order to meet technical rules.

Realisations

One AIM listed company, **EG Solutions**, was acquired by a competitor in the period, realising net proceeds of approximately £1.2 million and a capital gain of £0.5 million. A number of other partial disposals in qualifying holdings together with full and partial disposals in non-qualifying investments were also made. These transactions generated total proceeds of £23.5 million and an aggregate capital profit of £3.9 million. The total value of all disposals made during the period therefore amounted to £24.7 million. Including partial disposals, the total realised capital gain from the sale of investments amounted to £4.4 million.

Prospects

The financial year to 30 September 2018 proved to be another period of steady progress for the Company. The portfolio has limited exposure to businesses dependent on UK consumer spending, while an increasing number of our investee companies have reasonably significant and expanding international operations.

Importantly, the level of exposure to business activity in the European Union member states remains low, with approximately 11% of total revenues generated by our investee companies coming from Europe. This low level of dependence on Europe should help insulate our investee companies from the worst impacts of a "no deal" Brexit.

In the period since the Company's financial year-end, stock markets have experienced significant downward pressure. Sharp share price falls have occurred in most major equity markets worldwide. The portfolio has not been immune from this pressure, with Net Asset Value declining by 12% in October.

Clearly, after a near ten year bull run for equities, a market correction should not come as a huge surprise. There are multiple reasons behind the emergence of a more negative outlook for equities including; increased trade tensions, rising inflation, higher interest rates and the possibility of a failed or unsatisfactory Brexit deal.

Regardless of political beliefs or particular economic viewpoints, the next few years are unlikely to be straightforward for equity markets, as the UK adjusts to historic changes in its relationship with key European trading partners. To date, Brexit negotiations have been protracted and extremely challenging. As a consequence, it is still unclear whether the current UK Government will be able to secure a satisfactory exit from the European Union. In addition, the next scheduled General Election is now less than three and a half years away. Given the seemingly irreconcilable divisions within the current minority Government, it would not be at all surprising if a battle for the leadership of the Conservative Party erupts. In this case, it is possible that an early General Election could be called, leading to further uncertainty and the possibility of significant disruption to economic prospects. Political instability can lead to weak decision making and inevitably creates considerable uncertainty, which in turn has negative implications for UK economic growth as well as the stock market.

Despite the difficult equity market conditions experienced in the early weeks of the Company's current financial year, we remain confident that the investment portfolio retains the potential to deliver significant total returns over the longer term.

Chris Hutchinson

Unicorn Asset Management Limited

26 November 2018

Top Ten Investments

at 30 September 2018 with prior year comparative values

	30 September 2018				30 September 2017			
	Book cost £'000	Original* cost £'000	Valuation £'000	% of net assets by value	Book cost £'000	Original cost £'000	Valuation £'000	% of net assets by value
Abcam	1,390	468	20,048	10.0	1,450	488	14,834	8.5
Tracsis	1,500	1,462	11,715	5.8	1,500	1,462	7,095	4.0
Anpario	1,516	1,380	9,600	4.7	1,516	1,380	8,000	4.6
Mattioli Woods	1,627	1,275	8,062	4.0	1,627	1,275	7,966	4.5
City Pub Group	4,250	4,250	7,335	3.6	4,250	4,250	5,286	3.0
MaxCyte	3,150	3,150	6,411	3.2	3,150	3,150	6,583	3.8
Hasgrove	1,329	1,854	6,401	3.2	1,329	1,854	2,084	1.2
Interactive Investor	3,447	3,447	6,202	3.1	3,447	3,447	3,086	1.8
Tristel	878	866	4,809	2.4	878	866	4,171	2.4
Keywords Studios	304	304	4,806	2.4	304	304	3,418	1.9
Total	19,391	18,456	85,389	42.4	19,451	18,476	62,523	35.7

* The assets and liabilities of Unicorn AIM VCT II plc were acquired at fair value in March 2010 and those of Rensburg AIM VCT plc on 11 January 2016, forming part of book cost. Original cost shows the original amount invested in each investee company by the Company, Unicorn AIM VCT II plc and Rensburg AIM VCT plc.



Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Qualifying investments						
AIM quoted investments						
Abcam Producer and distributor of high quality protein research tools	Oct 2005	1,390	468	20,048	Bid price	Ordinary shares
Tracsis Developer and supplier of resource optimisation and data capture technologies to the transport industry	Nov 2007	1,500	1,462	11,715	Bid price	Ordinary shares
Anpario Manufacturer of natural feed additives for global agricultural markets	Nov 2006	1,516	1,380	9,600	Bid price	Ordinary shares
Mattioli Woods Consultants in the provision of pension and wealth management services	Nov 2005	1,626	1,274	8,061	Bid price	Ordinary shares
MaxCyte Developer of cell-engineering platforms based on Flow Electroporation technology	Mar 2016	3,150	3,150	6,411	Bid price	Ordinary shares
Tristel Manufacturer of contamination and infection control products	Nov 2009	878	865	4,808	Bid price	Ordinary shares
Keywords Studios Provider of technical service to the global video game industry	Aug 2013	304	304	4,802	Bid price	Ordinary shares
Cohort Provision of a wide range of technical services to clients in the defence and security sectors	Feb 2006	1,278	1,553	4,740	Bid price	Ordinary shares
City Pub Group (formerly The City Pub Company (East) and The City Pub Company (West)) Owner and occupier of pubs located in cities and major towns in the South including London	Oct 2013	2,250	2,250	4,560	Bid price	Ordinary shares
ULS Technology Software and services for the property, legal and financial services markets	Jul 2014	1,500	1,500	4,462	Bid price	Ordinary shares
Avingtrans Provision of precision engineering services	Oct 2004	996	996	3,569	Bid price	Ordinary shares
Access Intelligence Compliance software solutions for the public and private sectors	Dec 2004	2,917	2,914	3,500	Bid price	Ordinary shares
AB Dynamics Designer, manufacturer and supplier to the global automotive industry of advanced testing and measurement products for vehicle suspension, brakes and steering	Jan 2016	801	801	3,083	Bid price	Ordinary shares
Animalcare Group Specialist veterinary pharmaceuticals and animal health products	Dec 2007	2,401	1,625	3,016	Bid price	Ordinary shares
Bonhill Group (formerly Vitesse Media) Media and events company focused on the financial and technology sectors	Nov 2007	3,160	3,400	2,994	Bid price	Ordinary shares
Surface Transforms Developer and producer of carbon-ceramic brakes	Apr 2016	2,416	2,416	2,599	Bid price	Ordinary shares
Directa Plus Producer and supplier of graphene-based products for use in consumer and industrial products	May 2016	3,000	3,000	2,400	Bid price	Ordinary shares
Idox Information and knowledge management software	May 2007	1,242	1,117	2,255	Bid price	Ordinary shares
Sanderson Group Provider of software solutions and IT services to the multi-channel retail and manufacturing sectors	Dec 2004	1,360	1,360	1,995	Bid price	Ordinary shares
Osirium Technologies A UK based cyber-security software provider that protects critical IT assets, infrastructures and devices	Apr 2016	2,000	2,000	1,942	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Pharmaceuticals & biotechnology	0.7%	10.0%	30 Jun '18	233,200	69,100	351,700	0.8%	www.abcam.com
Software & computer services	5.8%	5.8%	31 Jul '18	39,834	8,275	42,109	7.0%	www.tracsis.com
Pharmaceuticals & biotechnology	8.6%	4.7%	31 Dec '17	29,241	3,403	30,522	10.5%	www.anpario.com
Financial services	3.7%	4.0%	31 May '18	58,669	9,776	78,950	4.6%	www.mattioli-woods.com
Pharmaceuticals & biotechnology	5.4%	3.2%	31 Dec '17	10,352	(7,340)	14,505	5.4%	www.maxcyte.com
Healthcare equipment & services	3.7%	2.4%	30 Jun '18	22,220	4,006	18,427	5.2%	www.tristel.com
Support services	0.4%	2.4%	31 Dec '17	134,366	10,642	142,973	0.4%	www.keywordsstudios.com
Aerospace & defence	2.9%	2.4%	30 Apr '18	111,798	9,871	75,643	2.9%	www.cohortplc.com
Travel & leisure	5.8%	2.2%	31 Dec '17	37,404	(260)	71,310	8.7%	www.citypubcompany.com
Media	5.8%	2.2%	31 Mar '18	30,672	2,735	9,340	7.6%	www.ulstechnology.com
Industrial engineering	6.3%	1.8%	31 May '18	78,864	(4,498)	69,076	6.3%	www.avingtrans.plc.uk
Software & computer services	13.0%	1.7%	30 Nov '17	8,063	(3,793)	323	13.0%	www.accessintelligence.com
Industrial engineering	1.3%	1.5%	31 Aug '18	37,051	7,947	38,043	1.3%	www.abd.uk.com
Pharmaceuticals & biotechnology	2.8%	1.5%	31 Dec '17	83,676	544	89,644	2.8%	www.animalcaregroup.co.uk
Media	11.0%	1.5%	31 Mar '18	2,606	(971)	1,963	11.0%	www.bonhillplc.com
Automobiles & parts	12.4%	1.3%	31 May '18	1,363	(2,299)	5,548	12.4%	www.surfacettransforms.com
Chemicals	9.0%	1.2%	31 Dec '17	845	(3,501)	8,775	9.0%	www.directa-plus.com
Software & computer services	1.6%	1.1%	31 Oct '17	88,859	3,481	91,309	1.6%	www.idoxplc.com
Software & computer services	4.0%	1.0%	30 Sep '17	21,559	2,713	27,931	4.0%	www.sanderson.com
Software & computer services	10.2%	1.0%	31 Dec '17	648	(2,293)	2,601	10.2%	www.osirium.com

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
VR Education Holdings A virtual/augmented reality software firm dedicated to changing how educational content and corporate training are provided and consumed globally	Mar 2018	1,588	1,588	1,905	Bid price	Ordinary shares
Trackwise Designs Manufacturer, to customer specification, of specialist products using printed circuit technology	Jul 2018	1,750	1,750	1,833	Bid price	Ordinary shares
Creo Medical A medical device company focused on the emerging field of surgical endoscopy, a recent development in minimally invasive surgery	Aug 2018	1,000	1,000	1,776	Bid price	Ordinary shares
Quixant Designer and manufacturer of advanced hardware and software solutions for the pay-to-play gaming and slot machine industry	Jan 2016	648	648	1,700	Bid price	Ordinary shares
Hardide Advanced tungsten carbide based metal coatings for internal and external surfaces	Aug 2014	1,622	1,622	1,685	Bid price	Ordinary shares
Belvoir Lettings Residential property lettings and sales	Jul 2015	1,883	1,883	1,674	Bid price	Ordinary shares
Instem Data management software for the life sciences sector	Jan 2011	985	985	1,632	Bid price	Ordinary shares
Wey Education An education group providing online services worldwide	Nov 2017	2,150	2,150	1,368	Bid price	Ordinary shares
LightwaveRF A pioneer of the smart home technology sector	Dec 2017	1,716	1,716	1,341	Bid price	Ordinary shares
Totally Delivery of care solutions to individuals, business or public bodies	Sep 2015	3,106	3,106	1,325	Bid price	Ordinary shares
Microsaic Systems A high technology company which develops point-of-need mass spectrometers, focussed on early drug development and life science markets	Jun 2018	1,500	1,500	1,275	Bid price	Ordinary shares
ECSC Group Cyber security service provider	Dec 2016	2,420	2,420	1,232	Bid price	Ordinary shares
Angle Developer of products for use in rare cell diagnostics that enable early, accurate identification of an individual's condition for the prevention, treatment, and monitoring of disease	Jul 2018	1,385	1,385	1,205	Bid price	Ordinary shares
Immotion Group Provider of 'out of home' virtual reality experiences	Jul 2018	1,000	1,000	1,200	Bid price	Ordinary shares
Falanx Group Provider of proactive cyber defence, intelligence and technology	Mar 2018	1,500	1,500	1,167	Bid price	Ordinary shares
HML Holdings Residential property management	Jul 2007	431	833	1,108	Bid price	Ordinary shares
Escape Hunt Global provider of live 'escape the room' experiences	Apr 2017	1,234	1,234	978	Bid price	Ordinary shares
Stride Gaming Multi branded on-line bingo operator	May 2015	1,400	1,400	976	Bid price	Ordinary shares
Avacta Group Developer of protein based reagents for research and diagnostics	Aug 2018	1,000	1,000	960	Bid price	Ordinary shares
Gama Aviation Operator of privately owned passenger jet aircraft	Nov 2010	760	760	854	Bid price	Ordinary shares
Fusion Antibodies A contract research organisation that offers a range of antibody engineering services for all stages of therapeutic and diagnostic antibody development	Dec 2017	1,000	1,000	829	Bid price	Ordinary shares
Surgical Innovations Group Designer and manufacturer of minimally invasive surgical instruments	May 2007	436	748	802	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	8.2%	1.0%	30 Jun '18	265	(3,653)	4,862	8.2%	www.vreducationholdings.com
Electronic & electrical equipment	11.3%	0.9%	31 Dec '17	2,821	(30)	943	11.3%	www.trackwise.co.uk
Healthcare equipment & services	0.7%	0.9%	30 Jun '17	-	(8,908)	14,653	0.7%	www.creomedical.com
Technology hardware & equipment	0.6%	0.8%	31 Dec '17	80,857	11,136	34,981	0.6%	www.quixant.com
Chemicals	5.8%	0.8%	30 Sep '17	3,241	(1,235)	3,291	5.8%	www.hardide.com
Real estate investment & services	5.8%	0.8%	31 Dec '17	11,299	3,910	19,441	5.8%	www.belvoirlettingsplc.com
Software & computer services	3.5%	0.8%	31 Dec '17	21,668	797	14,225	3.5%	www.instem.com
Support services	7.5%	0.7%	31 Aug '17	2,429	18	1,662	7.5%	www.weyeducation.com
Technology hardware & equipment	15.0%	0.7%	30 Sep '17	3,032	(845)	1,222	15.0%	www.lightwaverf.com
Healthcare equipment & services	9.6%	0.7%	31 Mar '18	42,535	2,109	27,338	9.6%	www.totallyplc.com
Electronic & electrical equipment	16.4%	0.6%	31 Dec '17	343	(2,888)	3,900	16.4%	www.microsaic.com
Software & computer services	15.9%	0.6%	31 Dec '17	4,115	(3,438)	2,385	15.9%	www.ecsc.co.uk
Pharmaceuticals & biotechnology	1.9%	0.6%	30 Apr '18	628	(8,925)	15,884	1.9%	www.angleplc.com
Electronic & electrical equipment	5.1%	0.6%	30 Jun '18	547	(1,478)	2,555	5.1%	www.immotion.co.uk
Support services	12.7%	0.6%	31 Mar '18	3,021	(2,542)	4,851	12.7%	www.falanx.com
Real estate investment & services	8.1%	0.6%	31 Mar '18	25,968	1,464	14,111	8.1%	www.hmlholdings.com
Travel & leisure	4.5%	0.5%	31 Dec '17	872	(4,125)	20,423	4.5%	www.investors.escapehunt.com
Travel & leisure	1.4%	0.5%	31 Aug '18	88,968	(76)	55,800	1.4%	www.stridegaming.com
Pharmaceuticals & biotechnology	3.5%	0.5%	31 Jul '18	2,763	(10,390)	21,413	3.5%	www.avacta.com
Industrial transportation	1.2%	0.4%	31 Dec '17	153,486	11,951	45,674	1.2%	www.gamaaviation.com
Healthcare equipment & services	5.5%	0.4%	31 Mar '18	2,691	(711)	6,575	5.5%	www.fusionantibodies.com
Healthcare equipment & services	3.4%	0.4%	31 Dec '17	8,752	542	13,716	3.4%	www.sigroupplc.com

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Driver Group Provision of specialist commercial, project planning and dispute resolution services to the construction industry	Apr 2006	552	750	801	Bid price	Ordinary shares
Plastics Capital Specialist plastics products manufacturer focused on proprietary products for niche markets	Jan 2016	655	655	759	Bid price	Ordinary shares
Vianet (formerly Brulines Group) Provision of real-time monitoring systems and data management services	Oct 2006	725	725	688	Bid price	Ordinary shares
Pressure Technologies Manufacturer of high pressure cylinders	May 2007	1,140	860	652	Bid price	Ordinary shares
Omega Diagnostics Medical diagnostics company focused on allergy, food intolerance and infectious disease	Dec 2010	500	500	625	Bid price	Ordinary shares
Dods Group (formerly Huveaux) Media group focused on political communication, training and publishing	Feb 2003	1,176	1,176	614	Bid price	Ordinary shares
Redcentric Implementation and support of enterprise software solutions	Nov 2004	393	393	563	Bid price	Ordinary shares
PCI-PAL A leading world-wide provider of payment card industry compliance solutions for contact centres	Jan 2018	900	900	500	Bid price	Ordinary shares
Concurrent Technologies Designer and manufacturer of high performance processor based solutions for use in critical embedded applications	Jan 2016	275	275	385	Bid price	Ordinary shares
Kingswood Holdings (formerly European Wealth Group) Private wealth management	Jun 2015	1,759	1,759	352	Bid price	Ordinary shares
Dillistone Group Provider of software services to the executive recruitment industry	Jun 2006	356	356	295	Bid price	Ordinary shares
Brighton Pier Group (formerly Eclectic Bar Group) Owner and operator of Brighton Pier and of premium bars across the UK	Nov 2013	426	426	261	Bid price	Ordinary shares
APC Technology Group (formerly Green Compliance) Designer and manufacturer of specialist electronic components	Dec 2009	3,100	3,100	253	Bid price	Ordinary shares
Netcall Creates, maintains and supports a full range of communication software tailored to both the public and private sectors	Jan 2016	192	192	240	Bid price	Ordinary shares
Crawshaw Group Yorkshire based chain of retail butchers	Apr 2007	1,538	2,000	200	Bid price	Ordinary shares
Synectics Designer of end-to-end integrated security and surveillance solutions	Jan 2016	110	110	200	Bid price	Ordinary shares
Getech Group A leading petroleum and minerals consultancy	Jan 2016	188	188	194	Bid price	Ordinary shares
Augean Treatment and disposal of hazardous waste	Dec 2004	500	500	142	Bid price	Ordinary shares
PHSC Health & Safety consultancy and training	Mar 2007	253	550	137	Bid price	Ordinary shares
Brady Provider of transaction and risk management software solutions	Dec 2010	112	112	125	Bid price	Ordinary shares
Touchstar Technologies (formerly Belgravium Technologies) Development and supply of rugged, hand-held data capture devices to the logistics sector	Sep 2005	337	425	116	Bid price	Ordinary shares
Grafenia (formerly Printing.com) Franchised high street print shops	Aug 2004	231	231	84	Bid price	Ordinary shares
Genedrive (formerly Epistem Holdings) Developing and commercialising a low cost, rapid, versatile point-of-need diagnostics platform for the diagnosis of infectious diseases	Jan 2016	310	310	72	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
Support services	3.0%	0.4%	30 Sep '17	60,227	1,233	16,137	3.0%	www.driver-group.com
Chemicals	1.8%	0.4%	31 Mar '18	76,726	2,762	31,140	1.8%	www.plasticscapital.com
Support services	2.2%	0.3%	31 Mar '18	14,561	2,048	25,014	2.2%	www.vianetplc.com
Industrial engineering	3.1%	0.3%	30 Sep '17	38,418	(1,913)	33,803	3.1%	www.pressuretechnologies.com
Healthcare equipment & services	3.4%	0.3%	31 Mar '18	13,553	(6,914)	17,122	3.4%	www.omegadiagnostics.com
Media	1.7%	0.3%	31 Mar '18	20,586	1,311	28,545	1.7%	www.dodsgroupplc.com
Software & computer services	0.4%	0.3%	31 Mar '18	99,990	(493)	77,922	0.4%	www.redcentricplc.com
Software & computer services	4.7%	0.3%	30 Jun '18	2,136	(3,744)	6,383	4.7%	www.pcpal.com
Technology hardware & equipment	0.7%	0.2%	31 Dec '17	16,223	2,969	18,716	0.7%	www.gocct.com
Financial services	1.4%	0.2%	31 Dec '17	10,029	(5,939)	20,864	1.4%	www.kw-wealth.com
Software & computer services	8.1%	0.1%	31 Dec '17	9,582	(525)	6,294	8.1%	www.dillistonegroup.com
Travel & leisure	0.8%	0.1%	01 Jul '18	31,682	2,268	21,183	0.8%	www.brightonpiergroup.com
Electronic & electrical equipment	2.0%	0.1%	31 Aug '17	15,564	166	4,124	2.0%	www.apcplc.com
Software & computer services	0.3%	0.1%	30 Jun '18	21,875	45	21,704	0.3%	www.netcall.com
Food & drug retailers	6.4%	0.1%	28 Jan '18	44,559	(13,521)	10,366	6.4%	www.crawshawbutchers.com
Support services	0.6%	0.1%	30 Nov '17	70,102	2,996	40,754	0.6%	www.synecticsplc.com
Oil equipment & services	1.5%	0.1%	31 Dec '17	10,946	(693)	12,179	1.5%	www.getech.com
Support services	3.1%	0.1%	31 Dec '17	84,691	(3,093)	50,105	3.1%	www.augeanplc.com
Support services	8.5%	0.1%	31 Mar '18	7,013	(146)	5,287	8.5%	www.phsc.plc.uk
Software & computer services	0.2%	0.1%	31 Dec '17	22,926	(6,427)	24,075	0.2%	www.bradyplc.com
Technology hardware & equipment	3.4%	0.1%	31 Dec '17	7,868	(3,865)	2,171	3.4%	www.touchstarplc.com
Support services	1.0%	0.0%	31 Mar '18	14,630	(1,240)	3,985	1.0%	www.grafeniam.com
Pharmaceuticals & biotechnology	1.8%	0.0%	30 Jun '18	1,938	(7,788)	(2,437)	1.8%	www.genedriveplc.com

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Zoo Digital Provider of software services to the media, entertainment and publishing industries	Jan 2016	3	3	36	Bid price	Ordinary shares
AorTech International Intellectual property holding company of biomedical polymer technology, components and medical devices	Jan 2016	8	8	24	Bid price	Ordinary shares
PhotonStar LED Group Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets	Jul 2014	747	747	22	Bid price	Ordinary shares
Distil Owner and supplier of gin, vodka and liquer brands	Jan 2016	5	5	11	Bid price	Ordinary shares
Kellan Group A recruitment business operating across a wide range of functional disciplines and industry sectors	Jan 2016	13	13	4	Bid price	Ordinary shares
Reach4entertainment Film and live entertainment advertising, marketing and display agencies	Jan 2016	1	1	1	Bid price	Ordinary shares
		82,703	82,333	143,741		
Unquoted investments						
Hasgrove Digital marketing and communication services	Nov 2006	1,329	1,854	6,400	Price of recent investment	Ordinary shares
nkoda Limited Online provider of sheet music by subscription	Aug 2018	2,500	2,500	2,500	Cost	Ordinary shares
Interactive Investor Online investment platform	Nov 2013	1,250	1,250	2,042	Price of recent investment	Ordinary shares
Heartstone Inns A group of individual Free Houses each with a distinct character in locations across Southern England	Jun 2014	1,113	1,113	1,161	Price of recent investment	Ordinary shares
Syndicate Room Investment company and crowd funding platform	Aug 2016	1,000	1,000	965	Price of recent investment	Ordinary shares
Access Intelligence plc - Loan stock Compliance software solutions for the public and private sectors	Jun 2009	300	300	300	Cost (reviewed for impairment)	Loan stock
Blue Inc (UK) Fashion retail chain providing affordable fashion predominantly for younger male consumers	Sep 2014	2,000	2,000	-	Full provision	Ordinary shares
Uvenco (formerly SnackTime) Operator of vending machines	Dec 2008	2,102	2,044	-	Full provision	Ordinary shares
		11,594	12,061	13,368		
Total qualifying investments		94,297	94,394	157,109		
Non-qualifying investments						
OEIC funds managed by Unicorn Asset Management	Dec 2001	2,215	2,293	4,857	Bid price	B shares
Fully listed equities						
Legal & General	Apr 2018	3,004	3,004	2,832	Bid price	Ordinary shares
Lloyds Banking Group	Apr 2018	3,010	3,010	2,620	Bid price	Ordinary shares
Macfarlane Group	Sep 2010	642	642	2,526	Bid price	Ordinary shares
Babcock International	Jun 2017	3,005	3,005	2,400	Bid price	Ordinary shares
Victrex	Jan 2018	1,702	1,702	2,136	Bid price	Ordinary shares
NCC Group	Jan 2011	400	400	1,868	Bid price	Ordinary shares
Renold	Apr 2010	880	880	1,173	Bid price	Ordinary shares
Communis	Jun 2015	1,045	1,045	1,091	Bid price	Ordinary shares
Mears Group	May 2007	663	663	925	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Software & computer services	0.0%	0.0%	31 Mar '18	20,346	(3,569)	1,892	0.0%	www.zoodigital.com
Healthcare equipment & services	0.2%	0.0%	31 Mar '18	383	(31)	1,013	0.2%	www.aortech.net
Household goods & home construction	2.3%	0.0%	31 Dec '17	4,547	(2,079)	741	2.3%	www.photonstarled.com
Beverages	0.1%	0.0%	31 Mar '18	2,014	157	3,014	0.1%	www.distil.uk.com
Support services	0.3%	0.0%	31 Dec '17	22,037	457	2,028	0.3%	www.kellangroup.co.uk
Media	0.0%	0.0%	31 Dec '17	80,211	(2,689)	9,225	0.0%	www.r4e.com
		71.4%						
Media	23.7%	3.2%	31 Dec '17	9,576	313	2,892	23.7%	www.hasgrove.com
Software & computer services	15.6%	1.2%	30 Sep '17	N/A	N/A	697	15.6%	www.nkoda.com
Financial services	4.9%	1.0%	31 Dec '17	53,213	10,814	95,386	4.9%	www.iii.co.uk
Travel & leisure	7.3%	0.6%	31 Dec '17	10,301	522	17,537	7.3%	www.heartstoneinns.co.uk
Financial services	4.2%	0.5%	31 Dec '17	804	(1,099)	(1,592)	4.2%	www.syndicatoroom.com
Software & computer services	N/A	0.1%	30 Nov '17	8,063	(3,793)	323	N/A	www.accessintelligence.com
Retail	6.9%	0.0%	31 Dec '13	98,685	(1,056)	3,606	6.9%	www.blueinc.co.uk
Food & drug retailers	1.8%	0.0%	31 Dec '16	10,857	421	982	1.8%	www.uvenco.co.uk
		6.6%						
		78.0%						
OEIC	N/A	2.4%					N/A	www.unicornam.com
Support services	0.0%	1.4%	31 Dec '17	40,700	3,400	10,300	0.0%	www.legalandgeneralgroup.com
Banks	0.0%	1.3%	31 Dec '17	16,006,000	5,275,000	49,143,000	0.0%	www.lloydsbankinggroup.com
General industrials	1.6%	1.2%	31 Dec '17	195,991	9,261	57,210	2.5%	www.macfarlanegroup.com
Support services	0.1%	1.2%	31 Mar '18	4,659,600	391,100	2,911,000	0.1%	www.babcock.co.uk
Chemicals	0.1%	1.1%	30 Sep '17	290,200	111,000	478,400	0.2%	www.victrexplc.com
Software & computer services	0.3%	0.9%	31 May '18	233,200	29,500	208,200	0.3%	www.nccgroup.com
Industrial engineering	1.3%	0.6%	31 Mar '18	191,600	1,400	1,100	1.3%	www.renold.com
Support services	1.0%	0.5%	31 Dec '17	375,865	14,435	139,136	1.0%	www.communisis.com
Support services	0.2%	0.5%	31 Dec '17	900,184	26,484	209,590	0.6%	www.mearsgroup.co.uk

Investment Portfolio Summary

	Date of first investment	Book cost £'000	Original cost £'000	Valuation £'000	Valuation basis	Type of security
Braemar Shipping Services	Dec 2006	598	598	311	Bid price	Ordinary shares
Lloyds Banking Group 9.25% Preference Shares	Jan 2016	267	267	293	Bid price	Preference shares
Imperial Brands	Jan 2016	253	253	192	Bid price	Ordinary shares
Vodafone	Jan 2016	221	221	165	Bid price	Ordinary shares
AIM quoted entities						
City Pub Group (formerly The City Pub Company (East) and The City Pub Company (West))	Oct 2013	2,000	2,000	2,775	Bid price	Ordinary shares
Castleton Technology	Nov 2004	463	463	1,968	Bid price	Ordinary shares
Augean	Sep 2004	1,076	1,144	1,477	Bid price	Ordinary shares
Arbuthnot Banking Group	Jun 2014	1,165	1,165	1,440	Bid price	Ordinary shares
Science Group (formerly Sagentia Group)	Jun 2010	203	203	1,146	Bid price	Ordinary shares
Epwin Group	Jul 2014	1,000	1,000	831	Bid price	Ordinary shares
Sinclair Pharma (formerly IS Pharma)	Mar 2008	704	732	783	Bid price	Ordinary shares
Wyg	Dec 2013	1,497	1,497	742	Bid price	Ordinary shares
Avingtrans	Oct 2004	868	868	615	Bid price	Ordinary shares
Dillistone Group	Jun 2006	722	721	614	Bid price	Ordinary shares
Portmeirion Group	Sep 2010	203	203	527	Bid price	Ordinary shares
IQE	May 2011	187	187	492	Bid price	Ordinary shares
Gama Aviation	Nov 2010	751	751	491	Bid price	Ordinary shares
Driver Group	Aug 2006	561	561	468	Bid price	Ordinary shares
Belvoir Lettings	Jul 2015	479	479	430	Bid price	Ordinary shares
Caretech Holdings	Mar 2010	400	400	375	Bid price	Ordinary shares
AB Dynamics	Jan 2016	30	30	114	Bid price	Ordinary shares
Other AIM listed entities each valued at less than £60k		264	264	105	Bid price	Ordinary shares
Unquoted investments						
Interactive Investor	Nov 2013	2,197	2,197	4,161	Price of recent investment	Ordinary shares
Unlisted equities	N/A	368	368	-	Full provision	Ordinary shares
Total non-qualifying investments		33,043	33,216	42,943		
Total investments		127,340	127,610	200,052		
Current assets				1,666		
Current liabilities				(290)		
Net assets				201,428		

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

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Industrial transportation	0.4%	0.1%	28 Feb '18	133,409	(1,514)	93,659	1.8%	www.braemar.com
Banks	N/A	0.1%	31 Dec '17	N/A	N/A	N/A	N/A	www.lloydsbankinggroup.com
Tobacco	0.0%	0.1%	30 Sep '18	30,524,000	1,823,000	6,445,000	0.0%	www.imperialbrandsplc.com
Mobile telecommunications	0.0%	0.1%	31 Mar '18	40,815,951	3,398,773	60,128,835	0.0%	www.vodafone.com
Travel & leisure	5.8%	1.4%	31 Dec '17	37,404	(260)	71,310	8.7%	www.citypubcompany.com
Software & computer services	2.4%	1.0%	31 Mar '18	23,279	1,828	18,509	2.4%	www.castletonplc.com
Support services	3.1%	0.7%	31 Dec '17	84,691	(3,093)	50,105	3.1%	www.augeanplc.com
Financial services	0.7%	0.7%	31 Dec '17	N/A	6,971	236,375	1.6%	www.arbuthnotgroup.com
Support services	1.2%	0.6%	31 Dec '17	40,823	3,879	37,739	1.2%	www.sciencegroup.com
Construction and materials	0.7%	0.4%	31 Dec '17	298,300	12,000	93,700	5.7%	www.epwin.co.uk
Pharmaceuticals & biotechnology	0.5%	0.4%	31 Dec '17	45,300	(4,343)	99,183	0.5%	www.sinclairpharma.com
Support services	1.9%	0.4%	31 Mar '18	152,851	(5,348)	25,561	1.9%	www.wyg.com
Industrial engineering	6.3%	0.3%	31 May '18	78,864	(4,498)	69,076	6.3%	www.avingtrans.plc.uk
Software & computer services	8.1%	0.3%	31 Dec '17	9,582	(525)	6,294	8.1%	www.dillistonegroup.com
Household goods & home construction	0.4%	0.3%	31 Dec '17	84,769	8,822	44,772	0.4%	www.portmeiriongroup.com
Technology hardware & equipment	0.1%	0.2%	31 Dec '17	154,480	14,920	290,813	0.1%	www.iqep.com
Industrial transportation	1.2%	0.2%	31 Dec '17	153,486	11,951	45,674	1.2%	www.gamaaviation.com
Support services	3.0%	0.2%	30 Sep '17	60,227	1,233	16,137	3.0%	www.driver-group.com
Real estate investment & services	5.8%	0.2%	31 Dec '17	11,299	3,910	19,441	5.8%	www.belvoirlettingsplc.com
Healthcare equipment & services	0.1%	0.2%	30 Sep '17	166,018	16,779	204,201	0.1%	www.caretech-uk.com
Industrial engineering	1.3%	0.1%	31 Aug '18	37,051	7,947	38,043	1.3%	www.abd.uk.com
Other AIM listed		0.1%						
Financial services	4.9%	2.1%	31 Dec '17	53,213	10,814	95,386	4.9%	www.iii.co.uk
		0.0%						
		21.3%						
		99.3%						
		0.8%						
		(0.1%)						
		100.0%						

Board of Directors

Peter Dicks

Status: Independent, non-executive Chairman.

Age: 76.

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a venture capital company. He is currently a director of a number of quoted and unquoted companies, including Miton UK MicroCap Trust plc, SVM UK Emerging Fund plc and Foresight Solar Fund Limited.

Length of service as at 30 September 2018: Seventeen years.

Last re-elected to the Board: 11 January 2018.

Committee memberships: Audit Committee.

Remuneration 2017/18: £28,800.

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

Relevant relationships with investee companies: Shareholder of Mears Group plc, Antler Holdco (Interactive Investor), Brady plc and Stride Gaming plc.

Shared directorships with other Directors: None.

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

Shareholding in the Company: 176,510 Ordinary shares.

Charlotta Ginman

Status: Independent, non-executive Director.

Age: 53.

Experience: Charlotta Ginman is a chartered accountant with experience in investment banking and the technology and telecoms industry. She is currently a non executive director and audit committee chair for Polar Capital Technology Trust plc, Pacific Assets Trust plc, Motif Bio plc and Keywords Studios plc, and also sits on the board of Consort Medical plc. Given half of her commitments are with investment companies that typically only have four or five meetings a year, and therefore take up less time than a trading company NED role, she has enough time to ensure she remains as effective as needed in each of her roles as well as having spare time to devote to any unforeseen corporate issues that may arise.

Length of service as at 30 September 2018: Two years, three months.

Last elected to the Board: 12 January 2017.

Committee memberships: Audit Committee.

Remuneration 2017/18: £23,060.

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

Relevant relationships with investee companies: Shareholder and non-executive director of Keywords Studios plc and shareholder in Lloyds Banking Group plc.

Shared directorships with other Directors: None.

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

Shareholding in the Company: 6,101 (a further 6,101 shares are held by a connected person).

Jeremy Hamer

Status: Independent, non-executive Director.

Age: 66.

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

Length of service as at 30 September 2018: Eight years, six months.

Last re-elected to the Board: 12 January 2017.

Committee memberships: Audit Committee (Chairman).

Remuneration 2017/18: £25,880.

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

Relevant relationships with investee companies: Non-executive chairman and shareholder of Uvenco plc, non-executive director and shareholder of Access Intelligence plc, and shareholder of Avingtrans plc, Netcall plc, Kellan plc and Lloyds Banking Group plc.

Shared directorships with other Directors: None.

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

Shareholding in the Company: 40,456 Ordinary shares.

Jocelin Harris

Status: Senior Independent, non-executive Director.

Age: 73.

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

Length of service as at 30 September 2018: Twelve years, five months

Last re-elected to the Board: 11 January 2018.

Committee memberships: Audit Committee.

Remuneration 2017/18: £25,880.

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

Relevant relationships with investee companies: beneficial interest in Mears Group plc, and a shareholder in Antler Holdco (Interactive Investor), Vianet Group plc, Communisis plc, Lloyds Banking Group plc, APC Technology Group plc and Totally plc.

Shared directorships with other Directors: None.

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

Shareholding in the Company: 99,513 Ordinary shares.

Directors' Report

The Directors present the seventeenth Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2018 (the "Annual Report") incorporating the Corporate Governance Statement on pages 35 to 40.

The Company

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

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

The Directors

Throughout the year, the Board consisted of four Directors. All of the Directors are non-executive and are independent of the Investment Manager, their biographies are shown on page 28.

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

Peter Dicks and Jocelin Harris will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 10 January 2019.

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 seventeen years and twelve years respectively, in accordance with the AIC Code, Peter Dicks and Jocelin Harris will retire and offer themselves for re-election annually. Following a review of their performance, the Board agreed that Peter Dicks and Jocelin Harris continue to make a substantial contribution to the Board as Chairman and Senior Independent Director respectively and that their length of service was an asset to the Company. The remaining Directors have no hesitation in recommending their re-election to Shareholders.

Dividends

An interim dividend of 3.0 pence per share was paid on 10 August 2018.

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

Share Capital

At the year-end there were 117,226,048 (2017: 107,581,106) Ordinary shares of 1p each in issue, none of which are held in Treasury. The issues and buybacks of the Company's shares during the year are shown in note 13 on page 58. No shares have been issued or bought back subsequent to the year end, therefore at

the date of this report the Company had 117,226,048 shares in issue. All shares are listed on the main market of the London Stock Exchange.

Directors' Indemnities and Liability Insurance

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

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

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

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

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

The business model and strategy is included in the Strategic Report on pages 5 and 6.

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

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

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

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

Outlook

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

Going concern

After due consideration, the Directors believe that the Company has adequate resources for a period of at least 12 months from the date of the approval of the financial statements and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 30 September 2018, the Company held cash balances of £1.3 million. The majority of the Company's investment portfolio remains invested in fully listed and AIM quoted equities which may be realised, subject to the need for the Company to maintain its VCT status. Cash flow projections covering a period of at least twelve months from the date of approving the financial statements have been reviewed and show that the Company has access to sufficient liquidity to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no borrowings in place and is therefore not exposed to any gearing covenants.

Auditor's right to information

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

Substantial interests

As at 23 November 2018, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

Post balance sheet events

On 26 October 2018, Crawshaw Group was placed into administration and as a result the holding was written down to nil value. Further details are given in the Investment Manager's Review on page 13.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11.30am on 10 January 2019 at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London

EC1M 6AN is set out on pages 67 to 70 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 8 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 9 to 12 will be proposed as special resolutions requiring the approval of at least 75% of the votes cast at the meeting to be passed. Resolutions 8 to 10 are the usual resolutions relating to the authority to issue and buyback shares and in substitution for existing authorities passed in previous years. Resolutions 8 and 9 will be used to enable the issue of shares pursuant to top-up offers should the Directors consider raising further funds to be in the best interests of the Company. Resolution 11 is to seek authority to cancel the share premium account and the capital redemption reserve as detailed on page 31. Resolution 12 is to amend the Company's Articles as detailed on page 31. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Ordinary Business at the Annual General Meeting

Re-appointment of Auditors

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

Re-election of Directors

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

A summary of their skills and experience is given below:

Peter Dicks was a founder director, in 1973, of Abingworth plc, a venture capital company. Abingworth was an investor in numerous U.S. and U.K. private early stage venture companies, including being an early investor in Apple. Other American venture stage investments included Standard MicroSystems and Ladd Petroleum, where Peter Dicks was a director, Silicon Graphics and Acuson. In the UK, Abingworth invested in companies such as Garfunkels, City Centre Restaurants and British Biotechnology. More recently he has been chairman of Sportingbet and Interactive Investor, a director of Mears and a number of Investment Trusts and VCTs, including ICG Enterprise Trust, Polar Capital Technology and Foresight VCT plc. He is currently of Chairman of SVM Emerging and a director of Foresight Solar Fund and Miton MicroCap. He is also an investor in, and advisor to, a number of other private companies including assisting in their fund raising activities.

Jocelin Harris has experience as a director of public companies since 1979. He has also had close, personal involvement in investment in startup and early stage businesses over more than 30 years. As a qualified solicitor he took the lead in the revision of the Investment Management Agreement during the year and brings his legal knowledge to the board discussions and decisions.

Special Business at the Annual General Meeting

Allotment of shares

The authority proposed under Resolution 8 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 £586,130 representing 50% of the issued share capital at the date of this report. This authority, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2020.

Disapplication of pre-emption rights

Resolution 9 will give Directors the authority to allot shares for cash without first offering the securities to existing Shareholders in certain circumstances. The resolution proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities:

- i) with an aggregate nominal value of up to, but not exceeding, £468,904, representing 40% of the issued share capital at the date of this report, in connection with offer(s) for subscription; and
- ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time;

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

The authority conferred under this resolution, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting to be held in 2020.

Authority for the Company to purchase its own shares

Resolution 10 authorises the Company to purchase up to 17,572,184 of its own shares (representing approximately 14.99% of the Company's shares in issue at the date of this Annual Report), or, if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital of the Company at the date the resolution is passed. Purchases will be made on the open market at prices in accordance with the terms laid out in the Resolution. Shares will be purchased only in circumstances where the Board believes that it is in the best interests of the Shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in NAV per share and earnings per share. The Board currently intends to cancel those shares purchased. Such authority will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2020.

At the Annual General Meeting held on 11 January 2018 Shareholders gave authority for the Company to buy back a total of 14.99% or 17,822,996 of its own shares. The Company has since repurchased and cancelled 1,673,189 shares and therefore has remaining authority to repurchase 16,149,807 shares which authority will lapse at the Annual General Meeting to be held in 2019.

Cancellation of share premium and redemption reserve

Resolution 11 seeks the authority from Shareholders (as required under the Act) to cancel the share premium account and redemption reserve of the Company.

Cancelling share premium and redemption reserves allows a company to create a special reserve that can be used to write or set-off losses, facilitate distributions and buybacks and for other corporate purposes. The Company has previously cancelled share premium for these purposes and has, over time, utilised the special reserves created from these cancellations.

The issue of shares pursuant to recent fundraisings has resulted in the creation of further share premium. In addition, the repurchase of shares over time pursuant to the buyback policy has created redemption reserves. The Board proposes to cancel the share premium account and redemption reserve to create further special reserves which can be used to write or set-off losses, facilitate distributions and buybacks and for other corporate purposes.

Prior to confirming the cancellation of the share premium account and redemption reserve, the Court will need to be satisfied that the reduction will not prejudice the interests of the Company's creditors. The Company will take such steps as are necessary to satisfy the Court in this regard.

The cancellation of the share premium account and redemption reserve will take effect once the Court order confirming the cancellation has been registered by the Registrar of Companies .

Any amounts cancelled relating to share premium or redemption reserves which are regarded under VCT legislation as restricted capital and cannot be used to make, directly or indirectly, payments to Shareholders will continue to be regarded as such until such restriction falls away.

Amendment to the Company's Articles

To facilitate any changes to the Board and the remuneration paid to the Directors, Resolution 12 seeks authority to amend the Articles to increase the maximum aggregate fees paid to Directors from £120,000 to £200,000 per annum. This was last amended in 2009.

By order of the Board.

ISCA Administration Services Limited

Company Secretary

26 November 2018

Directors' Remuneration Report

Annual Remuneration Report

The purpose of this Report is to demonstrate the method by which the Board has implemented the Company's Remuneration Policy (see page 34) and provide Shareholders with specific information in respect of the Directors' remuneration. A resolution to approve the Remuneration Report will be put forward at the AGM to be held on 10 January 2019, where Shareholders will have an advisory vote on the approval of the Report.

This Directors' Remuneration Report has been prepared by the Directors in accordance with the Companies Act 2006. The Company's Independent Auditor is required to give its opinion on the specified information provided on Directors' emoluments (see below) and this is explained further in their report to Shareholders on pages 42 to 45. Shareholders are encouraged to vote on the Remuneration Report annually at the AGM and on the Remuneration Policy at least every three years. The Board will take Shareholders' views into consideration when setting remuneration.

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

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

During the year to 30 September 2018, the Board reviewed its existing remuneration levels, having considered the substantial increase in the Company's net assets, the remuneration payable to non-executive directors of comparable VCTs, the demand for non-executive directors within the financial sector and the increasing regulatory requirements with which the sector is required to comply. Following this review, the Board agreed to increase Directors' fees from 1 October 2018. For the year ended 30 September 2019, Directors' fees will be increased to £30,000 for the Chairman of the Board, £27,500 for the Chairman of the Audit Committee and the Senior Independent Director and £25,000 for the other Director.

At the Annual General Meeting held on 11 January 2018, the following votes were cast on the Remuneration Report:

	Number of votes	% of votes cast
For	7,050,713	90.4%
Against	343,079	4.4%
At Chairman's discretion	406,990	5.2%
Total votes cast	7,800,782	100.0%
Number of votes withheld	298,460	

The Remuneration Policy was last approved by the Shareholders at the Annual General Meeting held on 12 January 2017.

Votes cast at the Annual General Meeting held on 12 January 2017 on the resolution were as follows:

	Number of votes	% of votes cast
For	3,998,528	84.2%
Against	307,917	6.5%
At Chairman's discretion	441,410	9.3%
Total votes cast	4,747,855	100.0%
Number of votes withheld	170,788	

Directors' interests (audited information)

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

Director	30 September 2018		30 September 2017	
	Shares	% of share capital	Shares	% of share capital
Peter Dicks	176,510	0.15%	176,510	0.16%
Charlotta Ginman	12,202	0.01%	12,202	0.01%
Jeremy Hamer	40,456	0.03%	40,456	0.04%
Jocelin Harris	99,513	0.08%	99,513	0.09%

There have been no other changes in the Directors' interests since 30 September 2018. No options over the share capital of the Company have been granted to the Directors.

Details of the Directors' remuneration are disclosed below and in note 5 on page 53.

Pensions (audited information)

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

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

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

Relative spend on pay

The table below sets out:

- the remuneration paid to the Directors; and
- the distributions made to Shareholders by way of dividends paid in the financial year ended 30 September 2018 and the preceding financial year

There were no share buy-backs for Treasury.

	Year ended 30 September 2018	Year ended 30 September 2017	Change %
Total remuneration	103,620	107,504	(3.6)
Dividends paid (note 7)	7,689,000	8,737,000	(12.0)

The reduction in the remuneration paid and the reason for it is shown in the table on page 33. The reduction in dividends paid during the year was due to the implementation of an interim dividend in the previous year, meaning that the payment of the final dividend for 30 September 2016 of 6.25 pence and the interim dividend of 3.0 pence for the year ending 30 September 2017 were both paid within that year.

Directors' emoluments (audited information)

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

	Year ended 30 September 2018	Year ended 30 September 2017
Peter Dicks	28,800	28,100
Charlotta Ginman	23,060	22,500
Jocelin Harris	25,880	25,250
Jeremy Hamer*	25,880	25,250
James Grossman (retired 12 January 2017)	-	6,404
TOTAL	103,620	107,504
Expenses#	533	474
	104,153	107,978

*£18,372 (2017: £17,925) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited.

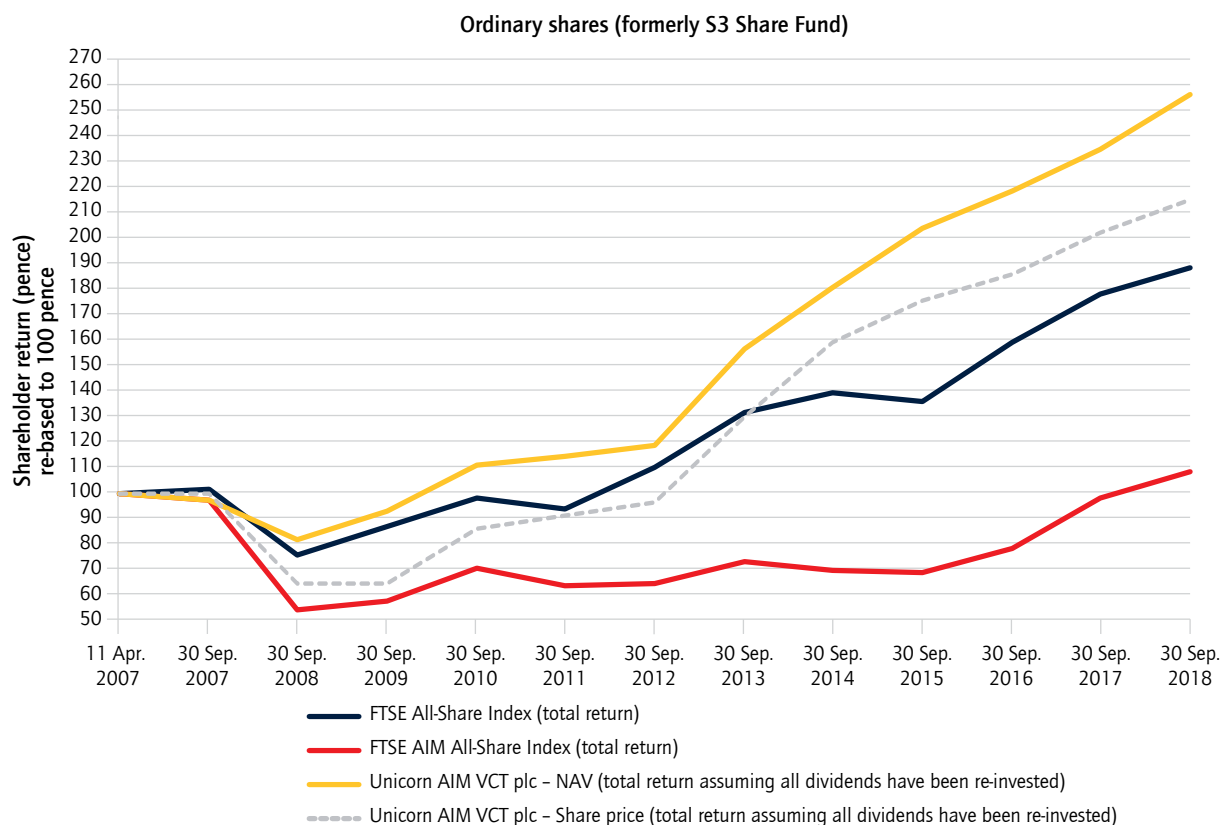
#Travel and other expenses may be considered as taxable benefits for Directors. Where applicable the associated tax liability will be settled by the Company.

Total Shareholder return performance graph

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

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

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



An explanation of the performance of the Company is given in the Strategic Report on pages 2 to 11 and in the Investment Manager's Review on pages 12 to 16.

Directors' Remuneration Report

Remuneration Policy

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

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

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

A resolution approving the Remuneration Policy was passed at the Annual General Meeting in January 2017 and will remain valid until the Annual General Meeting in 2020.

Basis of Remuneration

All of the Directors are considered to be independent and non-executive and it is not considered appropriate to relate any portion of their remuneration to the performance of the Company and performance conditions have not been set in determining their level of remuneration. As the Company has no employees, it is not possible to take account of the pay and employment conditions of employees when determining the levels of the Directors' remuneration. This approach to remuneration would also be used when recruiting any new directors. The Company's Articles of Association limit the aggregate amount that can be paid to the Directors in fees to £120,000 per annum. This was last updated in 2009, therefore the Company will propose a Special resolution at the forthcoming Annual General Meeting that the total aggregate remuneration payable under the Articles be increased to £200,000 per annum.

The table below shows the expected maximum payment that will be received per annum by each Director for the year to 30 September 2019, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Director	Role	Components of Pay Package	Expected fees for the year to 30 September 2019*	Performance conditions	Company Strategy	Remuneration Policy
Peter Dicks	Chairman and Non-executive Director	Basic fee	£30,000	None	To invest in companies which are VCT qualifying, quoted on AIM and have good prospects.	The levels of remuneration need to be sufficient to attract, retain and motivate directors with the required ability to review and challenge the Investment Manager's performance in implementing the Company's strategy.
Charlotta Ginman	Non-executive Director		£25,000			
Jeremy Hamer	Non-executive Director and Chairman of the Audit Committee		£27,500			
Jocelin Harris	Non-executive Senior Independent Director		£27,500			

* As stated on page 32, following a review of fees payable to Directors, the Board has approved an increase for each of the current Directors with effect from 1 October 2018.

Terms of Appointment

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

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

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

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

By order of the Board

ISCA Administration Services Limited

Company Secretary

26 November 2018

Corporate Governance Statement

The Directors have adopted the Association of Investment Companies ("AIC") Code of Corporate Governance 2016 (the "AIC Code") for the financial year ended 30 September 2018. 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 has noted the process undertaken by the Financial Reporting Council ("FRC") to review and update the UK Corporate Governance Code which will be incorporated into the amended Association of Investment Companies ("AIC") code which the Company follows. These changes will be applicable to the Company from 1 October 2019 and the Board will be considering its response to the changes that will be required, including the implications on its succession plans.

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

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

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

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

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

Compliance with the UK Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code 2016 except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

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

As an investment company managed by third parties, the Company does not employ a Chief Executive, nor any executive Directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT

monitoring services by PwC, and the annual statutory audit as well as the size of the Company's operations, gives the Board confidence that an internal audit function is not appropriate. The Company is therefore not reporting further in respect of these areas.

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

The Board

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

Details of the Directors' other significant time commitments are disclosed on page 28 of this Annual Report.

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

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

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors also have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the

Corporate Governance Statement

Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. If ultimately a Director feels it necessary to resign, a written statement should be provided to the Chairman, for circulation to the Board.

Director's attendance at Board and Committee meetings

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

Director	Board	Audit Committee
Peter Dicks	4 (4)	4 (4)
Charlotta Ginman	3* (4)	3* (4)
Jeremy Hamer	4 (4)	4 (4)
Jocelin Harris	4 (4)	4 (4)

*Board and Audit Committee Meeting on 11 January 2018 was missed due to illness.

Tenure

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

	Date of appointment	Last retirement by rotation/ re-election	Next retirement by rotation/ re-election due
Peter Dicks	1 October 2001	AGM 11 January 2018	AGM 10 January 2019
Charlotta Ginman	14 July 2016	Elected AGM 12 January 2017	AGM 2020
Jeremy Hamer	9 March 2010	AGM 12 January 2017	AGM 2020
Jocelin Harris	25 April 2006	AGM 11 January 2018	AGM 10 January 2019

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 seventeen years and Jocelin Harris has served twelve years and the Board considers that they remain independent of the Investment Manager as they continue to offer independent, professional judgement and constructive challenge to the Investment Manager. In accordance with the AIC Code, however, Peter Dicks and Jocelin Harris will offer themselves for re-election annually.

Independence of Directors

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to

affect, the Director's judgement and has concluded that, all of the Directors are independent of the Investment Manager. Peter Dicks is a shareholder of Mears Group plc, Antler Holdco (Interactive Investor), Brady plc and Stride Gaming plc. Jocelin Harris has a beneficial interest in Mears Group plc and is a shareholder in Antler Holdco (Interactive Investor), APC Technology Group plc, Communis plc, Lloyds Banking Group plc, Totally plc and Vianet Group plc. Jeremy Hamer is the non-executive chairman of Uvenco plc, holding 2.3% of the issued share capital, a non-executive director and a shareholder in Access Intelligence plc, and a shareholder in Kellan plc, Avingtrans plc, Lloyds Banking Group plc and Netcall plc. Charlotta Ginman is a non-executive director and shareholder of Keywords Studios plc and a shareholder in Lloyds Banking Group plc.

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

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

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

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

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

The Investment Manager 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 or reputation may be adversely affected.

The Directors regularly review the investment performance of the Investment Manager. Terms of the IMA and policies covering key operational issues are reviewed with the Investment Manager at least annually. The Board believes that the continued appointment of the Investment Manager remains in Shareholders' best interests and the investment criteria remain appropriate. Furthermore, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review, Top Ten Holdings and the Investment Portfolio Summary on pages 12 to 27 and the Financial Highlights on page 1. Details of the management fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 52. The Board and the Investment Manager aim to operate in a co-operative and open manner notwithstanding the Board maintaining its oversight obligations.

Company Secretary and Company Administrator

ISCA Administration Services Limited was appointed as the Company Secretary and Administrator under a contract dated 1 September 2014. The fees paid are shown in note 4 on page 53.

Corporate Broker

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

VCT status monitoring

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

Internal controls

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

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

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

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

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

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

Corporate Governance Statement

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

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

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 15 November 2018. The Board has identified no issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Report of the Audit Committee

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

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

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

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

Financial Statements

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

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

The valuation of the Company's quoted and unquoted investments

Valuations of listed, AIM quoted and unquoted investments are prepared by the Investment Manager. All listed and AIM quoted valuations are independently checked by the Administrator. The Committee reviewed the estimates and judgements made in relation to the unquoted investments and was satisfied they were appropriate. The Committee also discussed the controls in place over the valuation of the quoted investments and the judgements made when considering if any losses on investments held were realised, and considered that no further permanent impairment was necessary as detailed in note 9 on page 56.

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

Revenue Recognition

The revenue generated from dividend income and loan stock interest has been considered by the Committee 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 expectations.

Completeness and control of expenditure

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

Following a review of several iterations of the Annual Report and consideration of the key areas of risk identified above, the Committee, together with the Board, 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 of the External Auditor to the Board. The External Auditor attended the Committee meeting that considered the Annual Report, as well as one further meeting with the Committee Chairman and the Administrator to discuss the draft audit strategy and draft Annual Report.

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

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

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

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

The Committee considered the appointment of the External Auditor and confirmed that it is satisfied with the standard of service received. Should the Committee be dissatisfied, a tender process would be undertaken. A tender was last undertaken when the Company was incorporated in 2001, although there has been more than one rotation of the engagement partner since that date. The Committee has been satisfied with the performance of the External Auditor but, in line with the new Ethical Standard, has agreed to undertake a tendering process when the current engagement partner steps down in 2020.

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 previous year the Committee reviewed the provision of non-audit services from the External Auditor, which comprised tax compliance, iXBRL tagging and a review of the half year accounts and decided that, in the interest of increased focus on independence, BDO would no longer undertake the work for the Company.

Having regard to all of the relevant factors, the Committee has recommended to the Board that, subject to Shareholder approval at the AGM to be held in 2019, BDO LLP be re-appointed as the External Auditor of the Company for the forthcoming year.

Corporate Governance Statement

Further Disclosures

Amendment of the Company's Articles of Association

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

Share capital and voting rights

Details of the Company's share capital can be found on page 29 and in note 13 and there are no reported substantial shareholdings. The voting rights of Shareholders are set out below:

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

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

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

Powers of the Directors

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

Relations with Shareholders

Communication with Shareholders is considered a high priority.

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

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

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

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

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

By order of the Board

ISCA Administration Services Limited

Company Secretary

26 November 2018

Statement of Directors' Responsibilities

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

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

In preparing these Financial Statements the Directors are required to:

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

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

Website publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

For and on behalf of the Board:

Peter Dicks
Chairman

26 November 2018



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

Opinion

We have audited the financial statements of Unicorn AIM VCT plc (the "Company") for the year ended 30 September 2018 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

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

Key audit matters

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

Key Audit Matter	How We Addressed the Key audit matter in the Audit
<p>Valuation of investments (Note 1c and 9 to the financial statements)</p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting both equity and loan stock portions.</p> <p>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is responsible for proposing valuations for unlisted investments for the financial statements, there is a potential risk of overstatement of investment valuations.</p>	<p>We tested 100% of the unquoted investment portfolio at year-end by value of investment holdings.</p> <p>Our detailed testing for such investments comprised:</p> <ul style="list-style-type: none"> ■ Obtaining the most recent accounts of the underlying investee company ■ Forming a determination of whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines ■ Re-performed the calculation of investment valuations ■ Benchmarked key inputs and estimates to independent information and our own research ■ Challenged the assumptions inherent in the valuation of unquoted investments by developing our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased ■ Assessed the impact of the estimation uncertainty concerning these assumptions ■ Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation

Our application of materiality

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

Materiality	Materiality Measure	Key considerations and benchmarks	Quantum (£)
<p>Financial statement materiality (1% of gross investments)</p>	Assessing whether the financial statements as a whole present a true and fair view.	<ul style="list-style-type: none"> ■ The value of gross investments ■ The level of judgement inherent in the valuation ■ The range of reasonable alternative valuations 	<p>£2,000,000 (30 September 2017: £1,570,000)</p>
<p>Performance materiality</p>	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none"> ■ Financial statement materiality ■ Risk and control environment ■ History of prior errors (if any) 	<p>£1,500,000 (30 September 2017: £1,180,000)</p>
<p>Specific materiality – classes of transactions and balances which impact on net realised returns (10% gross expenditure)</p>	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	<ul style="list-style-type: none"> ■ Level of gross expenditure 	<p>£420,000 (30 September 2017: £430,000)</p>

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

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000 (2017: £12,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

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

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the

Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 30 September 2022 and subsequent financial periods. The period of total uninterrupted engagement is 17 years, covering the years ending 30 September 2002 to 30 September 2018 and therefore the last year BDO can act as auditor before a mandatory rotation is required is 30 September 2023.

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

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

Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

United Kingdom

26 November 2018

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

Income Statement

for the year ended 30 September 2018

	Notes	Year ended 30 September 2018			Year ended 30 September 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised gains on investments	9	-	16,992	16,992	-	9,823	9,823
Net gains on realisation of investments	9	-	1,628	1,628	-	1,653	1,653
Income	2	3,004	-	3,004	3,115	-	3,115
Investment management fees	1f & 3	(908)	(2,724)	(3,632)	(750)	(2,252)	(3,002)
Other expenses	4	(691)	-	(691)	(655)	-	(655)
Profit on ordinary activities before taxation		1,405	15,896	17,301	1,710	9,224	10,934
Tax on profit on ordinary activities	6	-	-	-	-	-	-
Profit on ordinary activities after taxation for the financial year		1,405	15,896	17,301	1,710	9,224	10,934
Basic and diluted earnings per share: Ordinary shares	8	1.20p	13.56p	14.76p	1.75p	9.44p	11.19p

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

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with applicable Financial Reporting Standards ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice ("AIC SORP") issued in November 2014 and updated in February 2018 with consequential amendments by the Association of Investment Companies.

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

The notes on pages 50 to 65 form part of these financial statements.

Statement of Financial Position

as at 30 September 2018

Company number 04266437

	Notes	30 September 2018		30 September 2017	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value	9		200,052		157,471
Current assets					
Debtors	11	387		416	
Cash at bank and in hand		1,279		18,093	
		1,666		18,509	
Creditors: amounts falling due within one year	12	(290)		(474)	
Net current assets			1,376		18,035
Net assets			201,428		175,506
Capital					
Called up share capital	13		1,172		1,076
Capital redemption reserve			99		77
Share premium account			106,325		87,090
Capital reserve			80,152		65,784
Special reserve			7,401		13,736
Profit and loss account			6,279		7,743
Equity Shareholders' funds			201,428		175,506
Net asset value per Ordinary share:					
Ordinary shares	15		171.83p		163.14p

The financial statements were approved and authorised for issue by the Board of Directors on 26 November 2018 and were signed on their behalf by:

Peter Dicks
Chairman

The notes on pages 50 to 65 form part of these financial statements.



Statement of Changes in Equity

for the year ended 30 September 2018

	Called up share capital	Capital redemption reserve	Share premium account	Unrealised capital reserve	Special reserve*	Profit and loss account*	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2017	1,076	77	87,090	65,784	13,736	7,743	175,506
Shares repurchased for cancellation and cancelled (see Note 13)	(22)	22	-	-	(3,102)	-	(3,102)
Shares issued under Offer for Subscription (see Note 13)	118	-	19,714	-	-	-	19,832
Expenses of shares issued under Offer for Subscription (see Note 13)	-	-	(479)	-	-	-	(479)
Transfer to special reserve	-	-	-	-	(3,233)	3,233	-
Gains on disposal of investments (net of transaction costs)	-	-	-	-	-	1,628	1,628
Realisation of previously unrealised valuation movements	-	-	-	(2,624)	-	2,624	-
Unclaimed dividends and other income released by Rensburg	-	-	-	-	-	15	15
Net increases in unrealised valuations in the year	-	-	-	16,992	-	-	16,992
Dividends paid (note 7)	-	-	-	-	-	(7,645)	(7,645)
Investment Management fee charged to capital	-	-	-	-	-	(2,724)	(2,724)
Revenue return for the year	-	-	-	-	-	1,405	1,405
At 30 September 2018	1,172	99	106,325	80,152	7,401	6,279	201,428
At 1 October 2016	921	53	58,394	58,323	21,756	8,296	147,743
Shares repurchased for cancellation and cancelled	(24)	24	-	-	(3,309)	-	(3,309)
Shares issued under Offers for Subscription	179	-	29,386	-	-	-	29,565
Expenses of shares issued under Offers for Subscription	-	-	(690)	-	-	-	(690)
Transfer to special reserve	-	-	-	-	(4,711)	4,711	-
Gains on disposal of investments (net of transaction costs)	-	-	-	-	-	1,653	1,653
Realisation of previously unrealised valuation movements	-	-	-	(4,742)	-	4,742	-
Permanent diminution realised	-	-	-	2,380	-	(2,380)	-
Net increases in unrealised valuations in the year	-	-	-	9,823	-	-	9,823
Dividends paid (note 7)	-	-	-	-	-	(8,737)	(8,737)
Investment Management fee charged to capital	-	-	-	-	-	(2,252)	(2,252)
Revenue return for the year	-	-	-	-	-	1,710	1,710
At 30 September 2017	1,076	77	87,090	65,784	13,736	7,743	175,506

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

The notes on pages 50 to 65 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 September 2018

		30 September 2018		30 September 2017	
	Notes	£'000	£'000	£'000	£'000
Operating activities					
Investment income received		3,011		3,091	
Investment management fees paid		(3,648)		(2,987)	
Other cash payments		(787)		(729)	
Net cash outflow from operating activities	16		(1,424)		(625)
Investing activities					
Rensburg unclaimed dividends and other income		15		-	
Rensburg liquidation costs		-		(8)	
Purchase of investments	9	(48,526)		(21,090)	
Sale of investments	9	24,709		19,496	
Net cash outflow from investing activities			(23,802)		(1,602)
Net cash outflow before financing			(25,226)		(2,227)
Financing					
Dividends paid	7	(7,645)		(8,737)	
Shares issued under Offers for Subscription (net of transaction costs)	14	19,159		29,068	
Shares repurchased for cancellation	13	(3,102)		(3,309)	
Net cash inflow from financing			8,412		17,022
Net (decrease)/increase in cash and cash equivalents			(16,814)		14,795
Cash and cash equivalents at 30 September 2017			18,093		3,298
Cash and cash equivalents at 30 September 2018			1,279		18,093

The notes on pages 50 to 65 form part of these financial statements.



Notes to the Financial Statements

for the year ended 30 September 2018

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under FRS 102 and the SORP issued by the Association of Investment Companies in November 2014 and updated in February 2018 with consequential amendments.

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

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

b) Presentation of the Income Statement

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

c) Investments

All investments held by the Company are classified as "fair value through profit and loss" and valued in accordance with FRS 102 and the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in December 2015. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).or:
 - b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of available evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Redemption premiums on loan stock investments are recognised at fair value when the Company receives the right to the premium and when considered recoverable.

d) Income

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

e) Capital reserves

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

The following are accounted for in this reserve:

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

(ii) Unrealised capital reserve (Revaluation reserve)

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

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

(iii) Special reserve

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

f) Expenses

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

g) Taxation

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

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

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

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

h) Cash and cash equivalents

This includes cash at bank and in hand.

i) Judgements and estimates

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

Notes to the Financial Statements

for the year ended 30 September 2018

2 Income

	2018 £'000	2017 £'000
Income from investments		
– from equities	2,739	2,727
– from loan stocks	101	242
– from money-market funds and Unicorn managed OEICs (including reinvested dividends)	164	146
Total income	3,004	3,115
Total income comprises:		
Dividends	2,903	2,873
Interest	101	242
	3,004	3,115
Income from investments comprises:		
Listed UK securities	1,152	817
Unlisted UK securities (AIM and unquoted companies)	1,852	2,298
	3,004	3,115

3 Investment Manager's fees

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unicorn Asset Management Limited	908	2,724	3,632	750	2,252	3,002

Unicorn Asset Management Limited ("UAML") received 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 was calculated and payable quarterly in advance. In the year ended 30 September 2018, UAML also earned fees of £69,000 (2017: £54,000), being OEIC management fees calculated on the value of the Company's holdings in each OEIC on a daily basis. This management fee is 0.75% per annum of the OEIC value for each of Unicorn UK Smaller Companies OEIC, Unicorn UK Growth OEIC (formerly Unicorn Free Spirit OEIC), Unicorn Mastertrust OEIC and Unicorn UK Ethical Fund OEIC.

A revised investment management agreement was entered into on 1 October 2018 which provides that from that date the annual management fee, calculated and payable quarterly in arrears, will be 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, up to net assets of £200 million and 1.5% of net assets in excess of £200 million. If the Company raises further funds during a quarter the net asset value for that quarter shall be reduced by an amount equal to the amount raised, net of costs, multiplied by the percentage of days in that quarter prior to the funds being raised.

The 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% (2.75% from 1 October 2018) of the closing net assets of the Company at the year end. There was no excess of expenses for year 2017/18 or the prior year.

4 Other expenses

	2018	2017
	£'000	£'000
Directors' remuneration	104	108
IFA trail commission	158	140
Administration services	150	140
Broker's fees	14	14
Custody fees	51	51
Auditors' fees		
– for audit related services pursuant to legislation	25	25
– review of Interim Statement	-	4
VCT compliance monitoring fees	11	11
Other professional fees (including taxation fees)	31	15
Directors' and officers' insurance	6	6
Registrar's fees	60	55
Printing	24	26
Sundry	57	60
	691	655

In the previous year, the Directors reviewed the guidance on non-audit services and took the decision to move the taxation services from the auditors to another supplier.

5 Directors' remuneration

	2018	2017
	£'000	£'000
Directors' emoluments		
Peter Dicks	29	28
Charlotta Ginman	23	23
Jeremy Hamer	26	25
Jocelin Harris	26	25
James Grossman (retired 12 January 2017)	-	7
	104	108

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

The Company has no employees.

Notes to the Financial Statements

for the year ended 30 September 2018

6 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2018 £'000	2017 £'000
Current and total tax charge (Note 6b)	-	-

b) Factors affecting tax charge for the year:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	17,301	10,934
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.5%*)	3,287	2,132
Non-taxable UK dividend income	(552)	(560)
Non-taxable unrealised gains	(3,228)	(1,915)
Non-taxable realised gains	(309)	(322)
Allowable expense not charged to revenue	518	439
Deferred tax not recognised	284	226
Actual current charge - revenue	-	-
Impact of allowable expenditure credited to capital reserve	(518)	(439)
Additional losses carried forward to future years	518	439
Actual tax charge - capital	-	-
Tax charge for the year	-	-

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

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

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The amount of surplus management expenses carried forward is £26,935,000 (30 September 2017: £22,714,000).

*On 1 April 2017, the standard rate of corporation tax in the United Kingdom was reduced from 20% to 19%. The tax rate of 19.5% is the average rate for the year to 30 September 2017.

7 Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim capital dividend of 2.8 pence (2017: 2.5 pence) per share for the year ended 30 September 2018 paid on 10 August 2018	3,293	2,499
Interim income dividend of 0.2 pence (2017: 0.5 pence) per share for the year ended 30 September 2018 paid on 10 August 2018	235	500
Final capital dividend of 2.5 pence (2017: 5.25 pence) per share for the year ended 30 September 2017 paid on 2 February 2018	2,972	4,820
Final income dividend of 1.0 pence (2017: 1.0 pence) per share for the year ended 30 September 2017 paid on 2 February 2018	1,189*	918
Total dividends paid in the year	7,689	8,737
Unclaimed dividends returned	(44)	-
	7,645	8,737

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

* The amount paid in dividends for 2017 differs from that shown in last years Annual Report as 345,000 shares were bought back between 24 November 2017 and the record date of 12 January 2018.

Set out below are the total income dividends payable in respect of the 2017/18 financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered.

	2018 £'000	2017 £'000
Revenue available for distribution by way of dividends for the year	1,405	1,710
Interim income dividend paid of 0.2 pence (2017: 0.5 pence)	235	500
Proposed final income dividend of 1.0 pence (2017: 1.0 pence) for the year ended 30 September 2018	1,172†	1,192

† Based on 117,226,048 shares in issue at the date of this report.

8 Basic and diluted earnings and return per share

	2018 £'000	2017 £'000
Total earnings after taxation:	17,301	10,934
Basic and diluted earnings per share (Note a)	14.76p	11.19p
Net revenue from ordinary activities after taxation	1,405	1,710
Revenue earnings per share (Note b)	1.20p	1.75p
Total capital return	15,896	9,224
Capital earnings per share (Note c)	13.56p	9.44p
Weighted average number of shares in issue in the year	117,250,279	97,674,986

Notes

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

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

Notes to the Financial Statements

for the year ended 30 September 2018

9 Investments at fair value

	Fully listed £'000	Traded on AIM £'000	Unlisted shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	2018 Total £'000	2017 Total £'000
Opening book cost at 30 September 2017	9,661	71,533	13,583	1,300	3,048	99,125	91,018
Unrealised gains/(losses) at 30 September 2017	3,351	56,505	1,677	(125)	4,377	65,785	58,323
Permanent impairment in value of investments	-	(5,072)	(2,367)	-	-	(7,439)	(5,059)
Opening valuation at 30 September 2017	13,012	122,966	12,893	1,175	7,425	157,471	144,282
Conversion of loan stock and preference shares	-	2,750	(2,000)	(750)	-	-	-
Shares listed on AIM	-	2,250	(2,250)	-	-	-	-
Purchases at cost	21,421	21,611	2,500	-	3,019	48,551	21,113
Sale proceeds	(15,932)	(2,070)	(228)	(250)	(6,229)	(24,709)	(19,496)
Net realised gains	861	294	-	125	467	1,747	1,749
(Decrease)/increase in unrealised gains/(losses)	(830)	11,333	6,314	-	175	16,992	9,823
Closing valuation at 30 September 2018	18,532	159,134	17,229	300	4,857	200,052	157,471
Book cost at 30 September 2018	15,690	95,276	13,859	300	2,215	127,340	99,125
Unrealised gains at 30 September 2018	2,842	68,930	5,737	-	2,642	80,151	65,785
Permanent impairment in value of investments (see note)	-	(5,072)	(2,367)	-	-	(7,439)	(7,439)
Closing valuation at 30 September 2018	18,532	159,134	17,229	300	4,857	200,052	157,471

Transaction costs on the purchase and disposal of investments of £119,000 were incurred in the year. These have not been deducted from realised gains shown above of £1,747,000, but have been deducted in arriving at gains on realisation of investments disclosed in the Income Statement of £1,628,000.

Note: Permanent impairments of £7,439,000 continue to be held in respect of losses on quoted investments held at the year end. There were no additional impairments provided for in the year.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flows is £25,000 which represents the reinvested dividends on the Unicorn Ethical Fund.

10 Significant interests

At 30 September 2018 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

Stock	Equity investment (ordinary shares) £'000	Investment in loan stock and preference shares £'000	Total investment (at cost) £'000	Percentage of investee company's total voting rights %
Hasgrove	1,329	-	1,329	23.7
Microsaic Systems	1,500	-	1,500	16.4
ECSC	2,420	-	2,420	15.9
nkoda	2,500	-	2,500	15.6
LightwaveRF	1,716	-	1,716	15.0
Access Intelligence	2,917	300	3,217	13.0
Falanx Group	1,500	-	1,500	12.7
Surface Transforms	2,416	-	2,416	12.4
Trackwise Designs	1,750	-	1,750	11.3
Bonhill Group	3,160	-	3,160	11.0
Osirium Technologies	2,000	-	2,000	10.2
Totally	3,106	-	3,106	9.6
Directa Plus	3,000	-	3,000	9.0
Anpario	1,516	-	1,516	8.6
PHSC	253	-	253	8.5
VR Education Holdings	1,588	-	1,588	8.2
HML Holdings	446	-	446	8.1
Dillistone Group	1,078	-	1,078	8.1
Wey Education	2,150	-	2,150	7.5
Heartstone Inns	1,113	-	1,113	7.3
Blue Inc (UK)	2,000	-	2,000	6.9
Crawshaw Group	1,539	-	1,539	6.4
Avingtrans	1,864	-	1,864	6.3
City Pub Group	4,250	-	4,250	5.8
Hardide	1,622	-	1,622	5.8
Tracsis	1,500	-	1,500	5.8
Belvoir Lettings	2,362	-	2,362	5.8
ULS Technology	1,500	-	1,500	5.8
Fusion Antibodies	1,000	-	1,000	5.5
MaxCyte	3,150	-	3,150	5.4
Immotion Group	1,000	-	1,000	5.1
Interactive Investor	3,447	-	3,447	4.9
PCI-PAL	900	-	900	4.7
Escape Hunt	1,234	-	1,234	4.5
Syndicate Room	1,000	-	1,000	4.2
Sanderson Group	1,362	-	1,362	4.0
Tristel	878	-	878	3.7
Mattioli Woods	1,627	-	1,627	3.7
Instem	985	-	985	3.5
Avacta Group	1,000	-	1,000	3.5
Touchstar Technologies	337	-	337	3.4
Surgical Innovations Group	463	-	463	3.4
Omega Diagnostics	518	-	518	3.4
Augean	1,576	-	1,576	3.1
Pressure Technologies	1,142	-	1,142	3.1
Driver Group	1,113	-	1,113	3.0

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

At 30 September 2018, the Company held 3.46% of the B shares issued by Unicorn UK Smaller Companies Fund, 2.91% of the B shares issued by the Unicorn UK Growth Fund, 9.18% of the Income B shares issued and 4.84% of the Accumulation B shares issued by the Unicorn UK Ethical Income Fund. Unicorn UK Smaller Companies Fund, Unicorn UK Growth Fund and Unicorn UK Ethical Income Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

The total percentage of equity held in the Company's investments by funds managed by UAML is disclosed in the Investment Portfolio Summary on pages 18 to 27 of this Report.

Notes to the Financial Statements

for the year ended 30 September 2018

11 Debtors

	2018	2017
	£'000	£'000
Amounts due within one year:		
Prepayments and accrued income	387	416
	387	416

12 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Other creditors	10	204
Accruals	280	270
	290	474

13 Called up share capital

	2018	2017
	£'000	£'000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 117,226,048 (2017: 107,581,106)	1,172	1,076

During the year, the Company made purchases of 2,182,389 (a total of £21,824 nominal value) of its own Ordinary shares for a total cost of £3,102,000 representing 2.0% of the opening share capital.

In July 2017, the Company announced an Offer for Subscription which remained open until 17 November 2017 and at 30 September 2017 had allotted 8,706,887 Ordinary shares.

During the year ended 30 September 2018, the Company allotted a further 11,827,331 Ordinary shares representing 11.0% of the opening share capital at prices ranging from 166.3 pence per share to 174.1 pence per share, raising net funds of £19,353,000 from gross funds raised of £19,832,000.

14 Reserves

The full details of the changes in reserves are shown in the Statement of Changes in Equity on page 48.

The purpose of the Special reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the Shareholders, make distributions and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. The total transfer of £3,233,000 to the Special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year.

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

The Statement of Cash Flows discloses an inflow of funds of £19,159,000 being shares issued under the Offer for Subscription of £19,832,000, less expenses of shares issued under the Offer for Subscription. Total expenses were £479,000, being 2.5% of amounts subscribed under the Offer less any early bird discount, payable to the Investment Manager as Promoter to the Offer plus the amount outstanding to the Manager at 30 September 2017.

The Company bought back 2,182,389 shares for cancellation at a cost of £3,102,000.

15 Net asset value

	2018	2017
Net Assets	£201,428,000	£175,506,000
Number of shares in issue	117,226,048	107,581,106
Net asset value per share	171.83p	163.14p

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

	2018	2017
	£'000	£'000
Profit for the year	17,301	10,934
Net unrealised gains on investments	(16,992)	(9,823)
Net gains on realisation of investments	(1,628)	(1,653)
Transaction costs	(119)	(96)
Decrease in debtors and prepayments	29	-
Increase in creditors and accruals	10	36
Reconciling items – dividends reinvested	(25)	(23)
Net cash outflow from operating activities	(1,424)	(625)

17 Financial instruments

The Company's financial instruments comprise:

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

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

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



Notes to the Financial Statements

for the year ended 30 September 2018

Classification of financial instruments

The Company held the following categories of financial instruments at 30 September 2018. All assets are included in the Statement of Financial Position at fair value and all liabilities at amortised cost.

	2018 (Book and fair value) £'000	2017 (Book and fair value) £'000
Assets at fair value through profit and loss:		
Investment portfolio	200,052	157,471
Loans and receivables		
Accrued income	373	403
Cash at bank	1,279	18,093
Liabilities at amortised cost or equivalent		
Creditors	(290)	(474)
Total for financial instruments	201,414	175,493
Non-financial instruments	14	13
Total net assets	201,428	175,506

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

The investment portfolio has a high concentration of risk towards small, UK based companies, nearly all of which are quoted on the Sterling denominated UK AIM market (79.0% of net assets), or within the OEIC funds managed by UAML (2.4% of net assets), unquoted investments (8.7% of net assets) and fully listed shares (9.2% of net assets).

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

Risk

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

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

The Company's maximum exposure to credit risks at 30 September 2018 was:

	2018 £'000	2017 £'000
Loan stock investments	300	1,175
Accrued income and other debtors	373	403
Cash at bank	1,279	18,093
	1,952	19,671

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

	2018 £'000	2017 £'000
Repayable or converting within		
0 to 1 year	-	875
1 to 2 years	300	-
2 to 3 years	-	300
3 to 4 years	-	-
4 to 5 years	-	-
Total	300	1,175

Loan stocks totalling £300,000 are due for repayment on 22 June 2020.

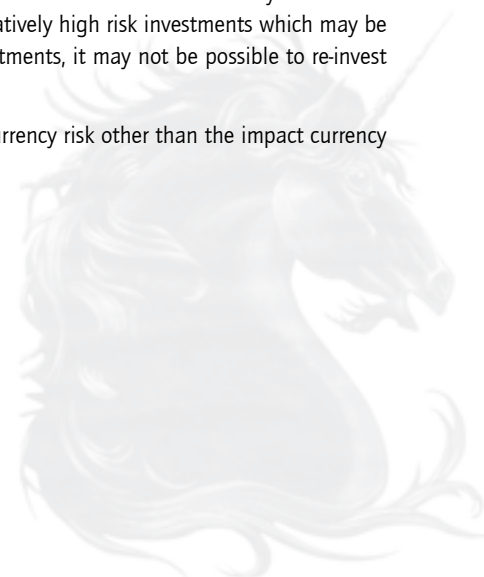
Liquidity Risk: The Company's investments in the equity, preference shares and loan stocks of unlisted and AIM listed companies and its OEIC holdings are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the Company may not be able to realise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

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

	2018 £'000	2017 £'000
Within 1 year or less	290	474

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

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



Notes to the Financial Statements

for the year ended 30 September 2018

Management of risk

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

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

As at 30 September 2018, the Unicorn UK Growth Fund's portfolio contained stocks where 40.1% by value were in AIM listed stocks, and 51.1% is in fully listed stocks with an average market capitalisation of £2.2 billion; the Unicorn UK Smaller Companies Fund contained 22.6% by value on AIM and 69.5% in fully listed stocks with an average market capitalisation of £492 million; and the Unicorn UK Ethical Income Fund contained 21.3% in AIM shares and 69.6% in fully listed stocks with an average market capitalisation of £1.1 billion.

Liquidity risk: Besides the maintenance of a spread of investments within the investment portfolio, the Company maintains liquidity by holding adequate levels of cash and OEIC funds which 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 market and credit risks in respect of the current investments and cash by ensuring that the Investment Manager diversifies investments such that none exceeds 15% of the Company's total assets at the time of investment.

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

Interest Rate Risk: The Company's assets and liabilities include 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 insignificant. The impact of changes in interest rates on the value of the portfolio is discussed in the sensitivity analysis below.

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2018 was:

	Financial net assets on which no interest paid	Fixed rate financial assets	Variable rate financial assets	Total	Weighted average interest rate	Average period to maturity
	£'000	£'000	£'000	£'000	%	(years)
Equity shares	194,602	-	-	194,602	N/A	N/A
Preference shares	-	293	-	293	9.25	N/A
Unicorn OEICs	4,857	-	-	4,857	N/A	N/A
Loan stocks	-	300	-	300	12.00	1.7
Cash	830	-	449	1,279	N/A	N/A
Debtors	373	-	-	373	N/A	N/A
Creditors	(290)	-	-	(290)	N/A	N/A
Total for financial instruments	200,372	593	449	201,414		
Other non financial assets	14	-	-	14		
Total net assets	200,386	593	449	201,428		

The interest rate profile of the Company's financial net assets at 30 September 2017 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	146,542	-	-	146,542	N/A	N/A
Preference shares	-	2,329	-	2,329	6.20	N/A
Unicorn OEICs	7,425	-	-	7,425	N/A	N/A
Loan stocks	-	1,175	-	1,175	10.30	0.9
Cash	3,541	-	14,552	18,093	N/A	N/A
Debtors	403	-	-	403	N/A	N/A
Creditors	(474)	-	-	(474)	N/A	N/A
Total for financial instruments	157,437	3,504	14,552	175,493		
Other non financial assets	13	-	-	13		
Total net assets	157,450	3,504	14,552	175,506		

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

Sensitivity analysis

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

For this purpose the investments in the OEICs managed by UAM are also included in this analysis. The Financial Highlights and the Investment Portfolio Summary at the front of this Annual Report give Shareholders further analysis in percentages of investments by asset class and market sector, and page 62 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. Shareholders should note that this level of correlation would not be the case in reality.

	2018 Profit and net assets £'000	2017 Profit and net assets £'000
If overall share prices rose/fell by 20% (2017: 20%), with all other variables held constant		
- increase/(decrease)	39,950/(39,950)	31,259/(31,259)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	34.08/(34.08)p	29.06/(29.06)p
If interest rates were 1% higher/(lower) (2017: 1%), with all other variables held constant		
- increase/(decrease)	3/(3)	13/(13)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.00/(0.00)p	0.01/(0.01)p

Notes to the Financial Statements

for the year ended 30 September 2018

Fair value hierarchy

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

Financial assets at fair value through profit and loss At 30 September 2018	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	177,373	-	17,229	194,602
Non-equity investments	293	-	-	293
Loan stock investments	-	-	300	300
Open ended investment companies	4,857	-	-	4,857
Total	182,523	-	17,529	200,052

Financial assets at fair value through profit and loss At 30 September 2017	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	135,649	-	10,893	146,542
Non-equity investments	329	-	2,000	2,329
Loan stock investments	-	-	1,175	1,175
Open ended investment companies	7,425	-	-	7,425
Total	143,403	-	14,068	157,471

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 below:

	Non-equity Investments	Equity Investments	Loan stock investments	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 October 2017	2,000	10,893	1,175	14,068
Conversion to equity and transfers to Level 1	(2,000)	(2,250)	(750)	(5,000)
Purchases	-	2,500	-	2,500
Sales	-	(228)	(250)	(478)
Total gains/(losses) included in gains on investments in the Income Statement:				
– on assets sold	-	-	125	125
– on assets held at the year end	-	6,314	-	6,314
Closing balance at 30 September 2018	-	17,229	300	17,529

Transfers into Level 3 relate to investments for which listing has been suspended during the year. Uvenco transferred to Level 3 and is valued at nil.

The transfers to Level 1 relate to the conversion to equity of Access Intelligence Loan Stock (£750,000), the conversion and admission to trading on AIM of City Pub Group preference shares (£2,000,000) and the admission to trading on AIM of City Pub Group ordinary shares (£2,250,000).

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

	30 September 2018	30 September 2017
	£'000	£'000
Investment methodology		
Cost (reviewed for impairment)	2,800	-
Asset value supporting security held	-	6,807
Price of recent investment	14,729	7,261
	17,529	14,068

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

18 Management of Capital

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

Under VCT tax legislation, at least 70%, calculated by VCT valuation rules, of the Company's cash and investment assets (effectively the gross assets) must at all times be invested in UK companies that are not fully listed. With effect from 5 April 2019 the required percentage will increase to 80%. As an AIM VCT, the majority of the Company's assets are held in ordinary shares quoted on the AIM market. The overall level of capital deployed will change as the value of the investments changes. It is also reduced by dividend distributions and buying in the Company's own shares.

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

19 Segmental analysis

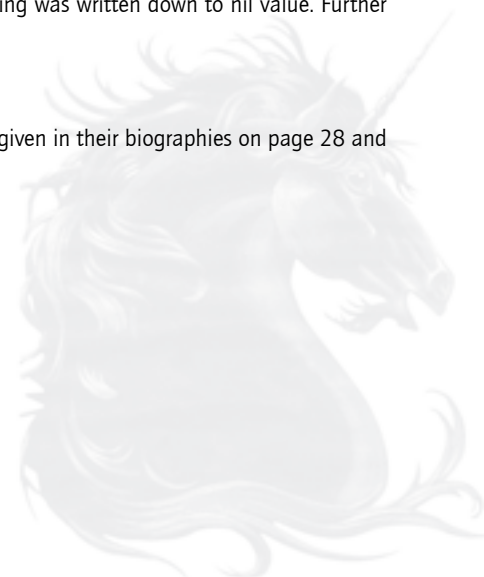
The operations of the Company are wholly in the United Kingdom.

20 Post balance sheet events

On 26 October 2018, Crawshaw Group was placed into administration and as a result the holding was written down to nil value. Further details are given in the Investment Manager's Review on page 13.

21 Related Party Transactions

Details of the relationships between the Directors of the Company and Investee Companies are given in their biographies on page 28 and the Corporate Governance Statement under "Independence of Directors" on page 36.



Shareholder Information

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

Electronic Communications

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

Shareholders are encouraged to register on Link's electronic system at <https://www.signalshares.com> to receive communication by email and to ensure that their details are up to date. This portal system can also be used to register to receive dividend payments directly into their bank accounts.

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

Net asset value per share

The Company's latest NAV per share as at 31 October 2018 was 150.9 pence. The Company normally announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 3.5 pence per share. Subject to Shareholder approval, the dividend will be paid on 1 February 2019 to Shareholders on the Register on 11 January 2019.

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, Link Asset Services on +44 (0)371 664 0324, or by writing to them at Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or register on the Portal noted above.

Financial calendar

November 2018	Circulation of Annual Report for the year ended 30 September 2018 to Shareholders
10 January 2019	Annual General Meeting
11 January 2019	Record date for Shareholders to be eligible for final dividend
1 February 2019	Payment date for final dividend subject to Shareholder approval at the Annual General Meeting
31 March 2019	Half-year end
May 2019	Announcement of Half-yearly Results
June 2019	Circulation of Half-yearly Report for the six months ending 31 March 2019 to Shareholders
August 2019	Payment of interim dividend
30 September 2019	Year end
November 2019	Announcement of final results for the year ending 30 September 2019

Annual General Meeting

The seventeenth Annual General Meeting (AGM) of the Company will be held on 10 January 2019 at 11.30am at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN. Shareholders may arrive 15 minutes before the AGM starts when refreshments will be served to Shareholders. The Notice of the meeting is included on pages 67 to 70 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, Link Asset Services at the address given on the Form, to arrive no later than 11.30am on Tuesday, 8 January 2019.

Shareholder enquiries:

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

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

For enquiries relating to your shareholding, please contact Link Asset Services on +44 (0)371 664 0324 or VCTs@linkgroup.co.uk. Alternatively, you can make changes to your account, such as a change of address, by logging on to www.signalshares.com.

Registrars from 1 March 2019: For enquiries relating to your shareholding, please contact The City Partnership (UK) Limited on +44 (0)1484 240 910 or email at registrars@city.uk.com or by post to: The City Partnership (UK) Limited, Park Valley House, Meltham Road, Huddersfield HD4 7BH.

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

Information rights for beneficial owners of shares

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

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventeenth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Thursday, 10 January 2019 at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN for the purposes of considering the following resolutions of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 12 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 2018 ("Annual Report"), together with the Directors' Report and Auditor's report thereon.
2. To approve the Directors' Remuneration Report as set out in the Annual Report.
3. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as Auditor to the Company until the conclusion of the next Annual General Meeting.
4. To authorise the Directors to determine BDO LLP's remuneration as Auditor to the Company.
5. To re-elect Peter Dicks as a Director of the Company.
6. To re-elect Jocelin Harris as a Director of the Company.
7. To approve the payment of a final dividend in respect of the year ended 30 September 2018 of 3.5 pence per ordinary share of 1p each, payable on 1 February 2019 to Shareholders on the register on 11 January 2019.
8. That, in substitution for any existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1p each in the Company ("Shares") and to grant rights to subscribe for, or convert any security into, Shares ("Rights") up to an aggregate nominal value of £586,130, provided that the authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2020 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 8 had not expired.
9. That, subject to the passing of Resolution 8 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 8 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment and issue of equity securities with an aggregate nominal value of up to, but not exceeding, £468,904 in connection with offer(s) for subscription; and
 - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time,in each case where the proceeds may be used, in whole or part, to purchase the Company's Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the date falling 15 months after the passing of this resolution or, if earlier, at conclusion of the Annual General Meeting to be held in 2020, 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.
10. 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 17,572,184 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing this resolution;
 - (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

NOTICE of the ANNUAL GENERAL MEETING

- (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
 - (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2020; 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.
11. That the share premium account and the redemption reserve of the Company be cancelled.
12. That paragraph 97 of the Company's Articles of Association be and hereby is amended in line 3 by replacing "£120,000" with "£200,000" in respect of the maximum aggregate fees payable to Directors per annum.

BY ORDER OF THE BOARD

Registered Office
Suite 8, Bridge House
Courtenay Street
Newton Abbot TQ12 2QS
26 November 2018

ISCA Administration Services Limited
Company Secretary

NOTES:

- (i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- (iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or to request additional copies of the proxy form contact the Company's Registrars, Link Asset Services, on +44 (0)371 664 0324 (lines are open between 9.00 am and 5.30 pm Monday to Friday, calls are charged at standard geographic rates and will vary by provider). Calls outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and call may be recorded and randomly monitored for security and training purposes. For legal reasons Link Asset Services will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- (iv) The statement of the rights of members in relation to the appointment of proxies in paragraphs (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
- (v) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

- (vi) If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
- (vii) A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's Registrar, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, so as to be received not later than 11.30am on Tuesday, 8 January 2019 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 Link Asset Services in an envelope addressed to FREEPOST PXS, 34 Beckenham Road, BR3 9ZA.
- (ix) Please note that you can vote your shares electronically at www.signalshares.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 11.30am on Tuesday, 8 January 2019. 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 23 November 2018 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 117,226,048 ordinary shares of 1 p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 23 November 2018 was 117,226,048.
- (xv) The Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The agreement with Jeremy Hamer's consultancy business will also be available for inspection.
- (xvi) If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 04266437)

NOTICE of the ANNUAL GENERAL MEETING

- (xvii) Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- (xviii) At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, www.unicornaimvct.co.uk in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xix) Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website, www.unicornaimvct.co.uk.
- (xx) Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
- (xxi) This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 23 November 2018 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: www.unicornaimvct.co.uk.

Corporate Information

Directors (all non-executive)

Peter Dicks (Chairman)
Charlotta Ginman
Jeremy Hamer
Jocelin Harris

Registered office

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

Secretary & Administrator

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

Company Registration Number:

04266437

Legal Entity Identifier:

21380057QDV7D34E9870

Website

www.unicornaimvct.co.uk

Investment Manager

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

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Stockbroker

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

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Custodian

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

Bankers

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

Registrar

Link Asset Services
(formerly Capita Asset Services)
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Solicitors

Shakespeare Martineau LLP
No 1 Colmore Square
Birmingham B4 6AA



Notes



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