Hargreave Hale
AIM VCT

Cultivating opportunities

Annual report and accounts
for Hargreave Hale AIM VCT plc
year ended 30 September 2022

Contents

Strategic report

Highlights

The report has been prepared by the Directors in accordance with the requirements of Section 414A of the Companies Act 2006.

Financial highlights for the year ended 30 September 2022

Net asset value (NAV) per share	NAV total return	Tax free dividends paid in the period	Share price total return	Ongoing charges ratio
60.19p	-33.42%[1]	6.65p	-28.06%[1]	2.06%[1]

- **£14.7 million invested in Qualifying Companies in the year.**
- **84.85% invested by VCT tax value in Qualifying Investments at 30 September 2022.**
- **Final dividend of 2.00 pence per share proposed for the year end and special dividend of 2.00 pence per share agreed by the Board.**
- **Offer for subscription to raise £20 million, together with an over-allotment facility to raise a further £20 million fully subscribed as announced by the Company on 22 October 2021.**
- **New Offer for subscription launched on 5 September 2022 to raise £20 million, together with an over-allotment facility to raise up to a further £30 million.**

Summary financial data	2022	2021
NAV (£m)	**160.51**	228.96
NAV per share (p)	**60.19**	100.39
NAV total return (%)[1]	**-33.42**	42.26
Market capitalisation (£m)	**167.32**	212.11
Share price (p)	**62.75**	93.00
Share price premium/discount to NAV per share (%)[1]	**+4.25**[2]	-5.00[3]
Share price 5 year average discount to NAV per share (%)[1]	**-5.65**[2]	-6.31[3]
Share price total return (%)[1]	**-28.06**	51.36
(Loss)/gain per share for the year (p)	**-33.42**	30.45
Dividends paid per share (p)	**6.65**	4.40
Ongoing charges ratio (%)[1]	**2.06**	2.12

(1) Alternative performance measure definitions and illustrations can be found on pages 85 to 88.

(2) The FY22 year end premium to NAV and the 5 year average discount to NAV is a function of the year end NAV of 60.19 pence per share and the year end share price.

(3) The FY21 year end discount to NAV and the 5 year average discount to NAV is a function of the year end ex-dividend NAV of 97.89p pence per share and the year end share price.

Financial Calendar

Financial calendar	
Record date for final and special dividends	6 January 2023
Payment of final and special dividends	10 February 2023
Annual General Meeting	2 February 2023
Announcement of half-yearly results for the six months ending 31 March 2023	June 2023
Payment of interim dividend (subject to Board approval)	July 2023

Chair's statement

Introduction

I would like to welcome shareholders who have joined us as a result of the recent offers for subscription. As always, we are grateful to new and existing shareholders who continue to support the VCT, despite the difficult times we are living through.

2021 featured much discussion about the inflationary threat, transitory or sticky. Many central banks, including our own, were of the view that the supply disruption that had played an important role in driving inflation higher in 2021 would abate in 2022 as the world continued to normalise through a post-Covid reopening. Russia's invasion of Ukraine, devastating for those directly involved, catalysed an energy shock with profound implications for the economy, households and wider society. Central banks have responded aggressively with immediate consequences for the cost of capital, both to companies and households. The economic outlook, already challenging, got significantly worse.

We are fortunate to be investing in some of the UK's most exciting growth companies. For many, these more difficult times will not significantly impact their growth journey. Their success will be determined by the quality of the products and services they are developing, and their ability to commercialise those on attractive terms. Others, most obviously those facing the UK consumer, currently under so much pressure, will see revenues and cash flows come under pressure next year. However, those that are well-capitalised and well-managed will have opportunities to emerge stronger or build market share as weaker competitors retrench.

Performance

As described in more detail in the Investment Manager's report, this has been a very difficult year for performance; the largest decline in the net asset value since the global financial crisis. The pain has not been limited to the investments in public companies; our investments in private companies have been significantly marked lower too. With the exception of Zappar, our unlisted companies are consumer facing. All of them face markedly more difficult trading environments in the short term, now reflected in their valuations. Equally important, in some cases more so, is the very dramatic decline in the valuations of their public company peers. This cannot be ignored, even if it has required us to make some uncomfortable decisions but we do not expect the changes to reflect permanent loss of value. At some point in 2023, we expect to look forward to better times. As we emerge from recession, fundamentals will improve and markets will recover their poise. In the meantime, your manager will work tirelessly to invest in tomorrow's success stories, laying the foundations for future performance.

At 30 September 2022, the NAV per share was 60.19 pence which, after adjusting for the dividends paid in the year of 6.65 pence, gives a NAV total return for the year of – 33.42%. The NAV total return (dividends reinvested) for the year was –35.47% compared with -34.34% in the FTSE AIM All-Share Total Return Index (also calculated on a dividends reinvested basis). The Directors consider this to be the most appropriate benchmark from a shareholder's perspective, however, due to the investment restrictions placed on a VCT it is not wholly comparable.

The earnings per share total return for the year was a loss of 33.42 pence (comprising a revenue loss of 0.36 pence and a capital loss of 33.06 pence). Revenue income increased by 9.1% to £0.98 million as a result of an increase in dividends received from portfolio companies and bank interest. Interest accrued on loan note instruments decreased, partly a consequence of the conversion of the loan to XP Factory plc into ordinary shares. Revenue expenses exceeded income and resulted in a revenue loss for the year of 0.36 pence per share, broadly unchanged on last year.

The share price decreased from 93.00 pence (ex-dividend) to 62.75 pence over the reporting period which, after adjusting for dividends paid, gives a share price total return of – 28.06%.

Investments

The Investment Manager invested £14.7 million into 11 Qualifying Companies during the period. The fair value of Qualifying Investments at 30 September 2022 was £103.5 million (64.5% of NAV) invested in 62 AIM companies and 5[1] unquoted companies. At the year end, the fair value of non-qualifying equities and the Marlborough Special Situations Fund were £12.4 million (7.7% of NAV) and £3.3 million (2.1% of NAV) respectively, with most of the non-qualifying equities listed within the FTSE 350 and offering good levels of liquidity should the need arise. £41.9 million (26.1% of NAV) was held in cash, higher than normal, reflecting an underweight allocation to non-qualifying equities and fixed income. Further information can be found in the Investment Manager's report.

1 Excluding companies in administration or at risk of administration with zero value.

Dividend

The Directors continue to maintain their policy of targeting a tax free dividend yield equivalent to 5% of the year end NAV per share (see page 20 for the full policy).

In the 12 month period to 30 September 2022, the Company paid dividends totalling 6.65 pence (2021: 4.40 pence). A special dividend of 2.50 pence was paid on 29 October 2021. A final dividend of 3.15 pence in respect of the previous financial year was paid on 10 February 2022 (2020: 2.65 pence) and an interim dividend of 1.00 pence (2021: 1.75 pence) was paid on 29 July 2022.

A final dividend of 2.00 pence is proposed (2021: 3.15 pence) which, subject to shareholder approval at the Annual General Meeting, will be paid on 10 February 2023 to ordinary shareholders on the register on 6 January 2023. A special dividend of 2.00 pence per share has been approved by the Board. The distribution will return to shareholders profits arising from the cash acquisition of Ideagen plc by funds managed by Hg Capital in July 2022. The special dividend will be paid together with the final dividend on 10 February 2023.

Dividend re-investment scheme

Shareholders may elect to reinvest their dividend by subscribing for new shares in the Company. Further information can be found in the shareholder information section on pages 89 to 90.

On 29 October 2021, 327,293 ordinary shares were allotted at a price of 94.09 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 8 October 2021, to shareholders who elected to receive shares as an alternative to the special dividend announced on 23 September 2021.

On 10 February 2022, 624,916 ordinary shares were allotted at a price of 86.69 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 21 January 2022, to shareholders who elected to receive shares under the DRIS as an alternative to the final dividend for the year ended 30 September 2021.

On 29 July 2022, 285,870 ordinary shares were allotted at a price of 65.65 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 8 July 2022, to shareholders who elected to receive shares under the DRIS as an alternative to the interim dividend for the year ended 30 September 2022.

Buybacks

In total, 4,307,731 shares (nominal value £43,077) were repurchased during the year at a cost of £3,243,492 (average price: 75.29 pence per share). As at 16 December 2022, a further 740,562 shares have been repurchased post the year end at a cost of £431,538 (average price: 58.27 pence per share).

Share price discount

The Company aims to improve liquidity and to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board (see page 20 for the full policy).

We continued to operate the discount control and management of share liquidity policy effectively during the period. The Company has 1 and 5 year average share price discounts of 2.84% and 5.65% respectively.

The Company's share price was trading at a premium of 4.25% as at 30 September 2022 compared to a discount of 5.00% as at 30 September 2021, this being calculated using the closing mid-price of the Company's shares on 30 September 2022 as a percentage of the year end net asset value per share, as published on 10 October 2022.

As at 16 December 2022, the discount to NAV was 6.59% of the last published NAV per share.

Offer for subscription

The Directors of the Company announced on 2 September 2021 the launch of an offer for subscription for shares to raise up to £20 million, together with an over-allotment facility of up to a further £20 million. On 22 October 2021, the Company announced the offer for subscription was closed to further applications. The offer resulted in gross funds being received of £40 million and the issue of 41.6 million shares.

New Offer for subscription

The Directors of the Company announced on 5 September 2022 the launch of a new offer for subscription for shares to raise up to £20 million, together with an over-allotment facility of up to a further £30 million. The offer was approved by shareholders of the Company at a general meeting on 7 October 2022. Through separate updates, the Company subsequently announced that it intended to utilise up to £20 million of the over-allotment facility. The Board reserves its right to further expand its use of the over-allotment facility, subject to investor demand and the deployment of capital into VCT qualifying companies.

On 16 December 2022, the Company had allotted 45.0 million shares raising gross proceeds of £28.1 million. The Company has also received valid applications for a further £2.0 million.

Cost efficiency

Your Board reviews costs incurred by the Company on a regular basis and is focused on maintaining a competitive ongoing charges ratio. The year end ongoing charges ratio was 2.06% (FY21: 2.12%) when calculated in accordance with the AIC's "Ongoing Charges" methodology. The decrease reflects a modest reduction in the running costs of the Company and the increase in net assets that occurred in the first quarter of the financial year as a result of the 2021 offer for subscription. The Ongoing Charges methodology divides ongoing expenses by average net assets.

Board and committee composition

Ashton Bradbury retired from his role as non-executive director at the Annual General Meeting in February 2022. We are grateful to Ashton for his support and advice since joining the Board in May 2018. His contribution, commitment and wise counsel both to the Board and the Company has been greatly appreciated and valued. The Board wishes Ashton all the best for the future.

On 1 June 2022, Megan McCracken and Busola Sodeinde joined the Board as independent non-executive directors of the Company.

Megan McCracken has extensive board experience across State Street Trustees Limited, GB Bank, the Fidelity China Special Situations Fund, the Massachusetts Institute of Technology and Folk2Folk, for which she earned the Institute of Directors Chair's Award. Megan began her career at Boeing Satellite Systems in the USA before management consulting led her to London and financial services. Megan held senior executive roles in strategy at Citi and HSBC and has expertise across banking, asset management and trading.

Busola Sodeinde is a highly experienced financial services professional with significant regulatory and governance experience from her appointments as CFO of State Street Global Markets as Finance Director to the Corporate Finance team of Deutsche Bank Capital Markets. Busola is a non-executive director of Ombudsman Services, a board member of the Church Commissioners for England and Trustee of The Scout Association.

Both Megan and Busola have a strong focus on and passion for environmental, social and governance issues and entrepreneurial enterprise. The Board is looking forward to incorporating their diversity of thought and approach in its work for your Company.

Following a review of board remuneration and taking into account peer group analysis and inflation, the Board has agreed to increase its remuneration by 5.00%, effective from 1 October 2022. The annual remuneration of the Chair will increase to £39,000, the independent non-executive directors to £30,500 and the non-independent non-executive director, Oliver Bedford, to £28,000. An additional fee of £1,500 will continue to be paid to the Chair of the Management and Service Provider Engagement Committee. The Chair of the Audit Committee will continue to receive an additional fee of £3,000.

Investment Manager

On 2 November 2022, the Company's Investment Manager changed its name from Hargreave Hale Limited (trading as Canaccord Genuity Fund Management) to Canaccord Genuity Asset Management Limited ('CGAM').

Related party transactions

The Company's Investment Manager is a related party to the Company for the purposes of the Listing Rules. As noted above and announced on 2 September 2022, Oliver Bedford's non-executive directorship fees (paid directly to the Investment Manager) will increase from £26,500 to £28,000 with effect from 1 October 2022. Once aggregated with previous related party transactions between the Company and the Investment Manager's group in the last 12 months, this fee increase constitutes a smaller related party transaction under Listing Rule 11.1.10R.

Annual General Meeting

Shareholders are invited to attend the Company's Annual General Meeting (AGM) to be held at 10.30 am on 2 February 2023 at 88 Wood Street, London, EC2V 7QR. The AGM notice is set out on pages 92 to 93.

Those shareholders who are unable to attend the AGM in person are encouraged to raise any questions in advance with the Company Secretary at HHV.CoSec@jtcgroup.com. The deadline for the advance submission of questions is 5.00 p.m. on 26 January 2023. Answers will be published on the Company's website on 2 February 2023.

Shareholder event

Both your Board and the Investment Manager are keen to improve interaction with our shareholders. On the 24 November 2021 and 23 November 2022, the Company held well attended shareholder events at Everyman Cinema, Broadgate, City of London. The events included presentations from several portfolio companies, a panel discussion and a presentation from the Investment Manager's VCT team before concluding with the screening of a feature film.

Electronic communications

As ever, we are respectfully asking shareholders to opt into electronic communications as we continue to look for savings in our printing and production costs and to reduce our environmental footprint. If you are interested in making the transition, please email us at aimvct@canaccord.com and we will arrange for the form of election to be sent to you by Equiniti, the Company's registrar.

On a similar note, we would also be grateful if shareholders would consider updating their dividend payment preference from cheque to bank transfer, helping us to further reduce costs and paper usage. Cheques are highly susceptible to fraud and cheque fraud is one of the most common forms of financial crime. It is becoming increasingly difficult to deposit cheques safely with the growing number of branch closures and charges may apply to re-issue lost or expired cheques.

In line with our wish to encourage the use of electronic communications and the practice of many companies, with effect from the interim results to be published in 2023, the Company will no longer print and distribute Interim Reports to shareholders. The interim results will continue to be available for download on our website https://www.hargreaveaimvcts.co.uk and a summary of the results is also published via a Regulatory Information Service on the London Stock Exchange.

Electronic tax vouchers are also available in place of paper tax vouchers to those shareholders who have opted in to electronic communications and registered with Equiniti's Shareview system.

Electronic voting

Electronic proxy voting is available for shareholders to register the appointment of a proxy and voting instructions for any general meeting of the Company once notice has been given. This service assists the Company to make further printing and production cost savings, reduce our environmental footprint and streamline the voting process for investors.

Regulatory update

There were no major changes to VCT legislation during the period under review.

On 23 September 2022, the Government announced that it intended to extend the sunset clause that, if not otherwise repealed or extended, would result in the withdrawal of the upfront 30% income tax relief for new investment into VCTs from 6 April 2025.

The sunset clause, introduced as part of the 2015 EU State aid review, does not affect the Capital Gains Tax relief or tax free dividend payments, nor does it affect investors' income tax relief on VCT investments made before 6 April 2025.

The extension of the sunset clause will require legislation to be laid before parliament.

VCT status

I am pleased to report that we continue to perform well against the requirements of the legislation and at the period end, the investment test was 84.85% (2021: 98.7%) against an 80% requirement when measured using HMRC's methodology. The decline in the investment test percentage reflects the introduction to the investment test of funds raised through the 2019 Offer for Subscription, and qualifying disposals made in the previous financial year. The Company satisfied all other tests relevant to its status as a Venture Capital Trust. Further information on these tests can be found on page 21.

Key information document

In accordance with the Packaged Retail Investment and Insurance Products (PRIIPs) regulations, the Company's Key Information Document (KID) is published on the Company's website at https://www.hargreaveaimvcts.co.uk.

Investors' attention is drawn to the March 2022 policy statement published by the FCA in relation to amendments to the KID produced by VCTs in accordance with UK PRIIPs Laws. The policy addresses concerns that the current methodology for calculating the Summary Risk Indicator (SRI) results in an inappropriately low SRI being applied for VCTs and now mandates that KIDs issued by VCTs must be assigned an SRI of no lower than 6. The policy statement also replaces the requirements and methodologies for presentation of performance scenarios in the KID with a requirement for narrative information to be provided. The handbook rules and Regulatory Technical Standard came into force on 25 March 2022, with a transitional period which will end on 31 December 2022.

The 30 September 2022 KID has been prepared using the new methodology prescribed in the UK PRIIPS regulation.

Risk review

Your Board has reviewed the risks facing the Company. Further detail can be found in the principal and emerging risks and uncertainties section on pages 17 to 18.

Outlook

Recessions spawn innovation and create opportunity. Growth companies will continue to require capital for investment into research, infrastructure, people and in working capital.

We do not expect the falls endured last year to translate to permanent loss of value. At some point in 2023, we will be able to look forward to better times. As we emerge from recession, fundamentals will improve and markets will recover their poise. In the meantime, with your continued support, we will work tirelessly to invest in tomorrow's success stories, laying the foundations for future performance.

David Brock
Chair

16 December 2022

The Company and its business model

The Company was incorporated and registered in England and Wales on 16 August 2004 under the Companies Act 1985, registered number 05206425.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 29 October 2004 and can be found under the TIDM code "HHV". The Company is premium listed.

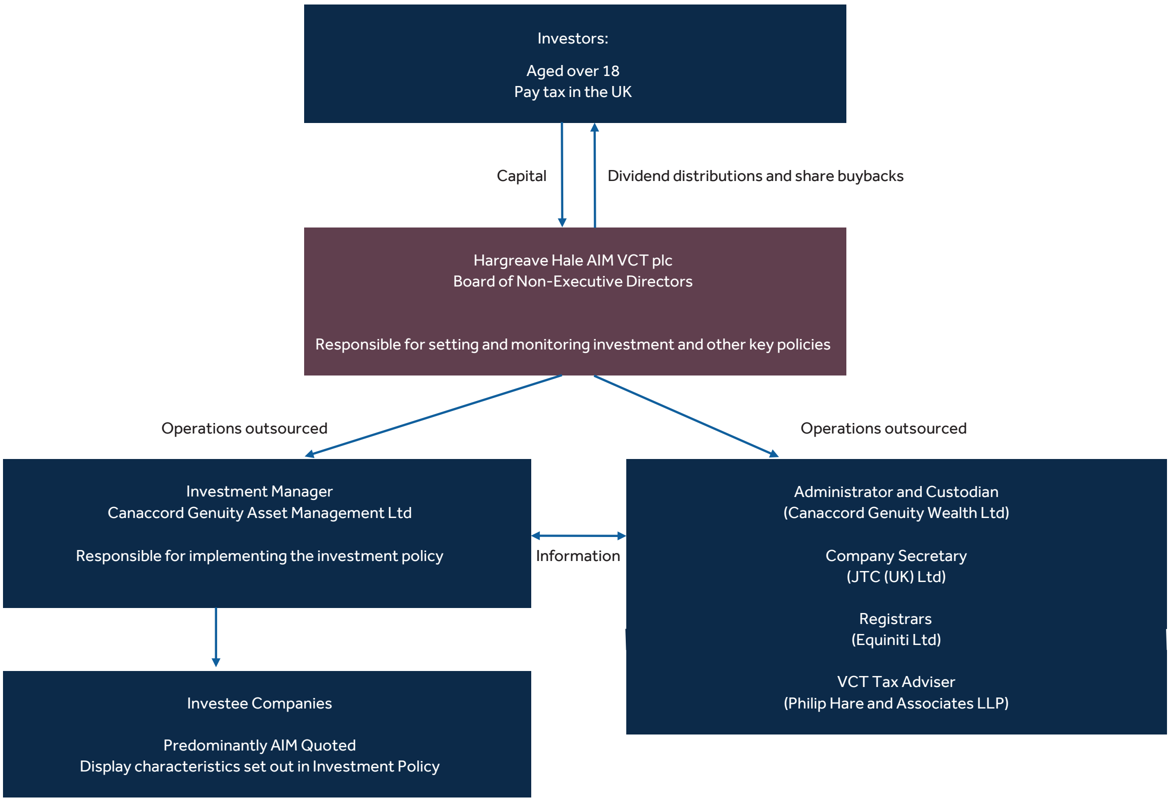
In common with many other VCTs, the Company revoked its status as an investment company as defined in Section 266 of the Companies Act 1985 on 23 May 2006 to facilitate the payment of dividends out of capital profits.

The Company's principal activity is to invest in a diversified portfolio of qualifying small UK based companies, primarily trading on AIM, with a view to generating capital returns and income from its portfolio and to make distributions from capital and income to shareholders whilst maintaining its status as a VCT.

The Company is registered as a small UK Alternative Investment Fund Manager (AIFM) with a Board comprising of six non-executive directors, five of whom are independent. Canaccord Genuity Asset Management Limited acts as investment manager whilst Canaccord Genuity Wealth Limited (CGWL) acts as administrator and custodian. JTC (UK) Limited provides company secretarial services.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. However, the Board exercises these responsibilities through delegation to Canaccord Genuity Asset Management Limited, Canaccord Genuity Wealth Limited and JTC (UK) Limited as it considers appropriate.

The Directors have managed and continue to manage the Company's affairs in such a manner as to comply with Section 259 of the Income Taxes Act 2007.



Investment objectives, policy and strategy

Investment objectives

The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to shareholders whilst maintaining its status as a Venture Capital Trust.

Investment policy

The Company intends to achieve its investment objectives by making Qualifying Investments in companies listed on AIM, private companies and companies listed on the AQSE Growth Market, as well as Non-Qualifying Investments as allowed by the VCT Rules.

Qualifying investments

The Investment Manager will maintain a diversified portfolio of Qualifying Investments which may include equities and fixed income securities as permitted by the VCT Rules. Investments will primarily be made in companies listed on AIM but may also include private companies that meet the Investment Manager's criteria and companies listed on the AQSE Growth Market. These small companies will be UK based or have a UK presence and, whilst of high risk, will have the potential for significant capital appreciation.

To maintain its status as a VCT, the Company must have 80 per cent. of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued. To provide some protection against an inadvertent breach of this rule, the Investment Manager targets a threshold of approximately 85 per cent.

Non-Qualifying Investments

The Non-Qualifying Investments must be permitted by the VCT Rules and may include equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable and the Marlborough Special Situations Fund. Subject to the investment controls below, the allocation to each of these investment classes will vary to reflect the Investment Manager's view of the market environment and the deployment of funds into Qualifying Companies. The market value of the Non-Qualifying Investments (excluding bank deposits) will vary between nil and 50 per cent. of the net assets of the Company. The value of funds held in bank deposits will vary between nil and 30 per cent. of the net assets of the Company.

Investment controls

The Company may make co-investments in investee companies alongside other funds, including other funds managed by the Investment Manager. Other than bank deposits, no individual investment shall exceed 10 per cent. of the Company's net assets at the time of investment.

Borrowings

The Articles permit the Company to borrow up to 15 per cent. of its adjusted share capital and reserves (as defined in the Articles). However, it is not anticipated that the Company will have any borrowings in place and the Directors do not intend to utilise this authority.

To the extent that any future changes to the Company's investment policy are considered to be material, shareholder consent to such changes will be sought. Such consent applies to the formal investment policy described above and not the investment process set out below.

Investment process and strategy

The Investment Manager follows a stock specific investment approach based on fundamental analysis of the investee company.

The Investment Manager's fund management team has significant reach into the market and meets with large numbers of companies each week. These meetings provide insight into investee companies, their end markets, products and services, or the competition. Investments are monitored closely and the Investment Manager usually meets or engages with their senior leadership team at least twice each year. Where appropriate the Company may co-invest alongside other funds managed by the Investment Manager.

The key selection criteria used in deciding which investments to make include, inter alia:

- the strength and depth of the management team;
- the business strategy;
- a prudent approach to financial management and forecasting;
- the strength of the balance sheet;
- profit margins, cash flows and the working capital cycle;
- barriers to entry and the competitive landscape; and
- the balance of risk and reward over the medium and long term.

Qualifying Investments

Investments are made to support the growth and development of a Qualifying Company. The Investment Manager will maintain a diversified portfolio that balances opportunity with risk and liquidity. Qualifying Investments will primarily be made in companies listed on AIM but may also include private companies and companies listed on the AQSE Growth Market. Seed funding is rarely provided and only when the senior leadership team includes proven business leaders known to the Investment Manager.

Working with advisers, the Investment Manager will screen opportunities, often meeting management teams several times prior to investment to gain a detailed understanding of the company. Investments will be sized to reflect the risk and opportunity over the medium and long term. In many cases, the Investment Manager will provide further funding as the need arises and the investment matures. When investing in private companies, the Investment Manager will shape the investment to meet the investee company's needs whilst balancing the potential for capital appreciation with risk management.

Investments will be held for the long term unless there is a material adverse change, evidence of structural weakness, or poor governance and leadership. Partial realisations may be made where necessary to balance the portfolio or, on occasion, to capitalise on significant mispricing within the stock market.

Non-Qualifying Investments

The Investment Manager's VCT team works closely with the Investment Manager's wider fund management team to deliver the investment strategy when making Non-Qualifying Investments, as permitted by the VCT Rules. The Investment Manager will vary the exposure to the available asset classes to reflect its view of the equity markets, balancing the potential for capital appreciation with risk management, liquidity and income.

The Non-Qualifying Investments will typically include a focused portfolio of direct investments in companies listed on the main market of the London Stock Exchange. The portfolio will mix long term structural growth with more tactical investment to exploit short term mispricing within the market. The use of the Marlborough Special Situations Fund enables the Company to maintain its exposure to small UK companies whilst the Investment Manager identifies opportunities to invest the proceeds of fundraisings into Qualifying Companies.

The Investment Manager may use certain exchange traded funds listed on the main market of the London Stock Exchange to gain exposure to asset classes not otherwise accessible to the Company.

Environmental, social and governance considerations

The Investment Manager has strengthened its approach to environmental, social and governance (ESG) issues. It has integrated a review of ESG issues as part of its investment decision-making process for investments in Qualifying Companies that seeks to identify material issues in the following areas:

- role, structure and operation of the board;
- treatment of employees;
- robustness of accounting and internal controls; and
- environmental and/or social impacts of the business.

The Investment Manager seeks to engage and influence companies on any areas of improvement identified through due diligence and material ESG issues that arise during the term of the investment. The Investment Manager has published ESG, Engagement and Stewardship policies on its website which can be found at https://www.canaccordgenuity.com/fund-management-uk/.

Risk management

The structure of the Company's investment portfolio and its investment strategy has been developed to mitigate risk where possible.

- The Company has a broad portfolio of investments to reduce stock specific risk.
- Flexible allocations to non-qualifying equities, exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable and the Marlborough Special Situations Fund allow the Investment Manager to adjust portfolio risk without compromising liquidity.
- Regular meetings with investee companies aid the close monitoring of investments to identify potential risks and allow corrective action where possible.
- Regular board meetings and dialogue with the Directors, along with policies to control conflicts of interest and co-investment with the Marlborough fund mandates, support strong governance.

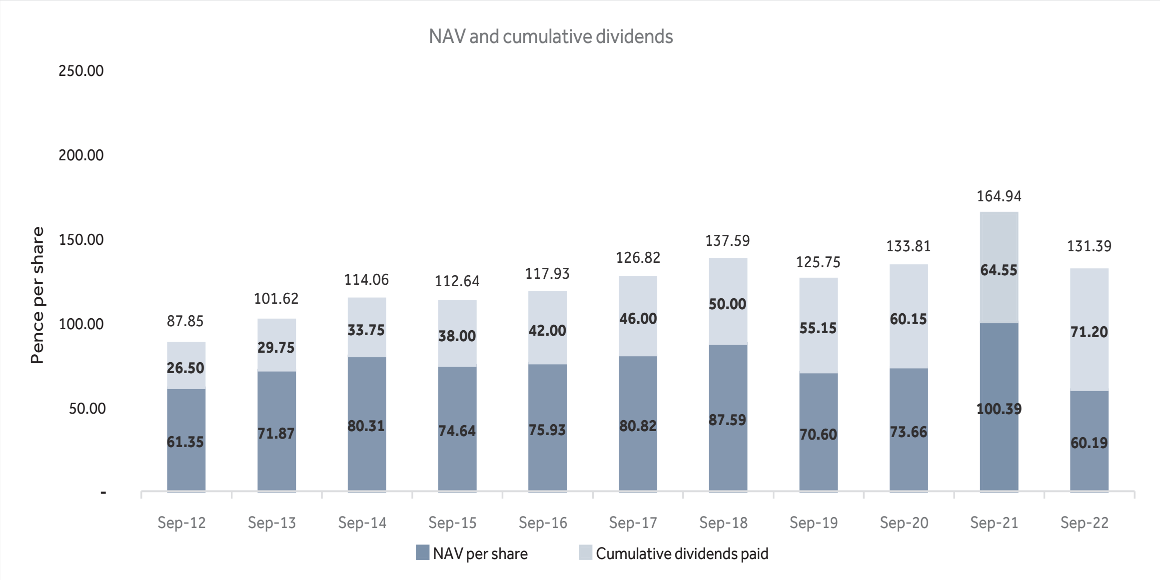
Key performance indicators

The Directors consider the following Key Performance Indicators (KPIs) to assess whether the Company is achieving its strategic objectives. The Directors believe these measures help shareholders assess how effectively the Company is applying its investment policy and are satisfied the results give a good indication of whether the Company is achieving its investment objectives and policy. The KPIs are established industry measures.

Further commentary on the performance of these KPIs has been discussed in the Chair's statement and Investment Manager's report on pages 4 to 8 and 24 to 27 respectively.

1. NAV and share price total returns

The Board monitors NAV and share price total return to assess how the Company is meeting its objective of generating capital gains and income from its portfolio and making distributions to shareholders. The NAV per share decreased from 100.39 pence to 60.19 pence resulting in a loss to ordinary shareholders of -33.55 pence per share (-33.42%) after adjusting for dividends paid in the year.



The Board considers peer group and benchmark comparative performance. Due to the very low number of AIM VCTs, the Board reviews performance against the generalist VCTs as well as the AIM VCTs to provide a broader peer group for comparison purposes. Performance is also measured against the FTSE AIM All-Share Total Return Index. With 59% of the net assets invested in companies listed on AIM or the AQSE Growth Market, the Directors consider this to be the most appropriate benchmark. However, HMRC derived investment restrictions, along with Qualifying Investments in private companies and fixed income securities, and Non-Qualifying Investments in main market listed companies, predominantly in the FTSE 350, mean the index is not a wholly comparable benchmark for performance.

Rolling Returns to end Sep 2022	1Y	3y	5y	10y
NAV total return	-33.42%	7.99%	5.65%	70.97%
Share price total return	-28.06%	18.50%	15.72%	85.26%
NAV total return (dividends reinvested) (1)	-35.47%	3.47%	1.53%	73.85%
Share price total return (dividends reinvested) (1)	-28.98%	15.97%	14.71%	97.28%
FTSE AIM All-Share Total Return Index	-34.34%	-4.65%	-14.86%	28.74%

Source: Canaccord Genuity Asset Management Ltd

(1) The NAV total return (dividends reinvested) and share price total return (dividends reinvested) measures have been included to improve comparability with the FTSE AIM All-Share Total Return Index which is also calculated on that basis. The definitions and illustrations of these alternative performance measures can be found on pages 85 to 88.

Reflecting the difficult market conditions and deteriorating economic outlook that persisted for much of the financial year, and in common with the AIM VCT peer group, the Company reported a significant reduction in the NAV per share. The NAV total return (dividends reinvested) for the year is ahead of its benchmark over all time horizons but lower than the average return for the AIM VCT peer group over the same time horizons. As the AIM VCT Sector consists of only a very small number of companies, the Directors also consider performance against the much broader Generalist VCT Sector. The steep falls in NAV per share reported by the Company and its AIM VCT peers is not mirrored in the Generalist VCT sector, which has reported a modest average decline of 2.0%. The divergence of performance across the two peer groups is notable, possibly reflecting the speed at which information (macro and company specific) is assimilated into the share prices of listed companies. The Company has underperformed the average NAV total return (dividends reinvested) for the Generalist Sector over all time horizons to 30 September 2022.

The Investment Manager reports that corporate news flow remains resilient. With 60% of the qualifying portfolio invested in companies developing new healthcare and technology products and services, sometimes referred to as long duration assets, the portfolio is sensitive to investor sentiment and the outlook for long term interest rates. Changes in monetary policy can materially impact the present value of these assets, even if they do not directly impact upon the opportunity for value creation. The Investment Manager will continue to deploy capital in pursuit of the Company's investment objectives.

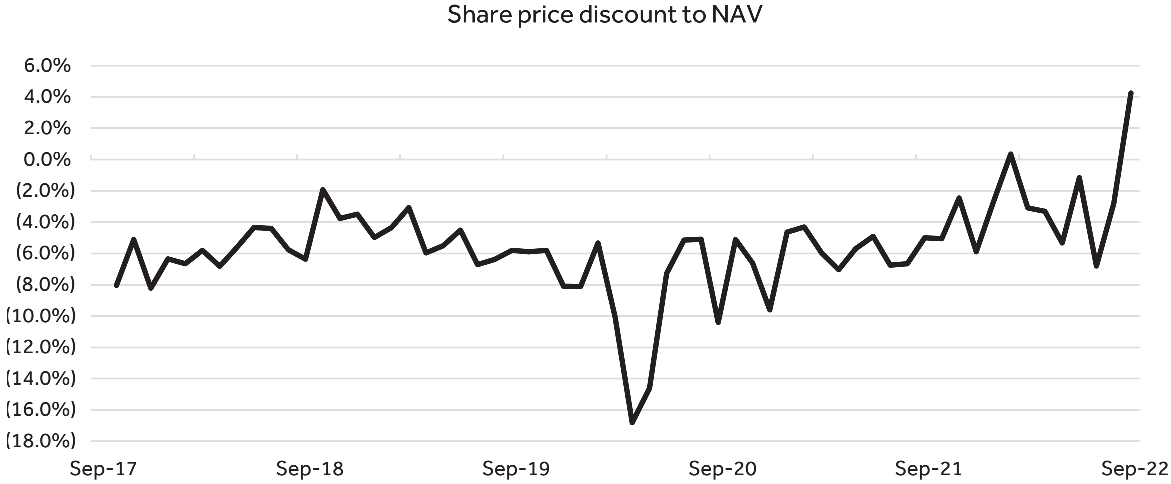
Further detailed information on peer group performance is available through Morningstar (https://www.morningstar.co.uk) and the AIC (https://www.theaic.co.uk/aic/statistics).

2. Share price discount to NAV per share

The Company uses secondary market purchases of its shares to improve the liquidity in its shares and support the discount. The discount to NAV per share is an important influence on a selling shareholder's eventual return. The Company aims to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price).

The Company's shares traded at premium of 4.25% as at 30 September 2022 (2021: 5.00% discount) when calculated with reference to the 30 September 2022 NAV per share. The 1 and 5 year average share price discounts were 2.84% and 5.65% respectively.

The Company's shares are priced against the last published NAV per share with the market typically adjusting the price to reflect the NAV after its publication. In line with the Company's valuation policy, the Company aims to publish the quarter end NAV per share within 5 business days of the period end to allow time for the manager and Board to review and agree the valuation of the private companies held within the investment portfolio.



The Company's share price on 30 September 2022 reflected the last published NAV per share prior to the year end, which was released on 27 September 2022. The 30 September 2022 NAV was reported on 10 October 2022, following the review of the valuations of the private companies.

As at 15 December 2022, the discount to NAV was 6.59% of the last published NAV per share.

3. Ongoing charges ratio

The ongoing charges of the Company were 2.06% (2021: 2.12%) of the average net assets of the Company during the financial year to 30 September 2022, broadly in line with the prior year. The decrease reflects a modest reduction in the running costs of the Company and the increase in net assets that occurred in the first quarter of the financial year as a result of the 2021 Offer for Subscription.

The Company's ongoing charges ratio remains competitive against the wider VCT industry and similar to other AIM VCTs. This ratio is calculated using the AIC's "Ongoing Charges" methodology and, although based on historical information, it provides shareholders with an indication of the likely future cost of managing the fund.

Cost control and efficiency continues to be a key focus for your Board. The Board is satisfied with the costs for the year, which were in line with the Company's budget.

4. Dividends per share

The Company's policy is to target a tax free dividend yield equivalent to 5% of the year end NAV per share. The Board remains committed to maintaining a steady flow of dividend distributions to shareholders.

A total of 6.65 pence per share (2021: 4.40 pence) of dividends was paid during the year, comprised of a special dividend of 2.50 pence per share paid on 29 October 2021, a final dividend of 3.15 pence in respect of the previous financial year (2020: 2.65 pence) paid on 10 February 2022 and an interim dividend of 1.00 pence (2021: 1.75 pence) paid on 29 July 2022.

A final dividend of 2.00 pence per share will be proposed at the Annual General Meeting. If approved by shareholders, the payment of the interim and final dividends in respect of the financial year to 30 September 2022 would represent a distribution to shareholders of 5.00 % of the 30 September 2022 NAV per share.

A special dividend of 2.00 pence per share has been approved by the Board. The distribution will return to shareholders profits arising from the cash acquisition of Ideagen plc by funds managed by Hg Capital in July 2022. The special dividend will be paid together with the final dividend on 10 February 2023.

The below table demonstrates how the Board has been able to consistently pay dividends in line with the 5% target and dividend policy.

Dividend paid/payable by financial year

Year	Year end NAV	Dividends	Yield	Additional information
	pence per share			
2010/11	61.14	4.00	6.5%	
2011/12	61.35	3.25	5.3%	
2012/13	71.87	3.75	5.2%	
2013/14	80.31	4.25	5.3%	
2014/15	74.64	4.00	5.4%	
2015/16	75.93	4.00	5.3%	
2016/17	80.82	4.00	4.9%	
2017/18	87.59	5.40	6.2%	Including special dividend of 1 penny.
2018/19	70.60	3.75	5.3%	
2019/20	73.66	5.40	7.3%	Including a special dividend of 1.75 pence.
2020/21	100.39	7.40	7.4%	Including a special dividend of 2.50 pence.
2021/22	60.19	3.00	5.0%	Proposed final dividend of 2.00 pence.
2022/23	—	2.00	—	Special dividend of 2.00 pence

5. Compliance with VCT regulations

A VCT must be approved by HMRC at all times, and in order to retain its status, the Company must meet a number of tests as set out by the VCT legislation, a summary of which can be found on page 21. Throughout the year ended 30 September 2022 the Company continued to meet these tests.

The investment test decreased from 98.7% to 84.85% in the financial year. The decline in the investment test percentage reflects the introduction to the investment test of funds raised through the 2019 offer for subscription, and qualifying disposals made in the previous financial year. The investment test remains comfortably ahead of the 80% threshold that applied to the Company with effect from 1 October 2019 and within an acceptable range of the target of 85% as set out in the Company's investment policy.

The Company invested £14.7 million into 11 Qualifying Companies, 4 of which were investments into new Qualifying Companies. The Board is pleased with the level of new Qualifying Investment, which was ahead of expectations.

The Board believes that the Company will continue to meet the HMRC defined investment test and other qualifying criteria on an ongoing basis.

For further details please refer to the Investment Manager's report on pages 24 to 27.

Section 172 statement

This section sets out how the Company meets its obligations under Section 172 of the Companies Act and should be read with the other contents of the Strategic Report on pages 3 to 34.

The Directors have a duty to promote the success of the Company for the benefit of its members as a whole, and in doing so to have regard to a number of matters including:

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

As an externally managed investment company with no employees, the Board considers its key stakeholders to be the shareholders, the Investment Manager, other service providers, investee companies and the wider environment in which it operates.

Engagement with Shareholders

Shareholder relations are given high priority by the Board. Regular updates are given to shareholders through the interim and annual report and accounts, which aim to provide shareholders with a full understanding of the Company's activities and its results, monthly factsheets, the weekly publication of the Company's NAV per share and RNS announcements. This information combined with further background regarding the Company is available on the Company's website at: https://www.hargreaveaimvcts.co.uk.

Shareholders are invited to engage with the Board and the Investment Manager at the Company's AGM, to be held on 2 February 2023. Those shareholders who are unable to attend the AGM in person are encouraged to raise any questions in advance with the Company Secretary at HHV.CoSec@jtcgroup.com (please include 'HHV AGM' in the subject heading). The deadline for advance questions is 5.00 p.m. on 26 January 2023. Answers will be published on the Company's website on 2 February 2023. The Company also publishes the voting results of all General Meetings on its website.

Shareholders can also communicate with the Chair, any other member of the Board or the Investment Manager by writing to the Company, for the attention of the Company Secretary at the address set out on page 91 or by email to HHV.CoSec@jtcgroup.com.

On 24 November 2021, the Company held a well-attended shareholder event at Everyman Broadgate. The event gave shareholders the opportunity to hear directly from CEOs of some of the investee companies and meet with the Investment Manager and members of the Board. In line with the Company's commitment to engage with shareholders a further event was held on 23 November 2022.

Engagement with the Investment Manager

One of the Company's most important business relationships is with its Investment Manager. The Company's Lead Fund Manager, Oliver Bedford, is a Board member and he and other representatives of the Investment Manager attend all Board meetings, thus ensuring a regular and constructive dialogue. The Board has various controls in place to manage potential conflicts of interest from Oliver Bedford's appointment as a director of the Company. These include: recusing Oliver Bedford from conversations about the Investment Manager; maintaining a clear segregation of responsibilities between the Investment Manager and the Administrator; the use of a Management and Service Provider Engagement Committee, which he is not a member of, to review the performance of the service providers, including the Investment Manager and Administrator; and ensuring that the private company valuations are reviewed and approved by the independent non-executive Directors.

The Board regularly reviews the Company's performance in relation to its investment objectives. The Board receives detailed reports from the Investment Manager, including commentary on investment performance and portfolio positioning, which enables it to oversee the delivery of the Company's investment policy. The Board, through the Management and Service Provider Engagement Committee, formally reviews the performance of the Investment Manager on an annual basis. During the year, the Company became a member of the Venture Capital Trust Association (VCTA). The VCTA represents 12 of the largest VCT's and managers. Working with advisors, the VCTA engages with key industry stakeholders such as HMRC and HMT. The VCTA gathers information and produces reports to illustrate the benefits of the scheme to both investee companies and HMT and in so doing provide positive support to key issues such as the extension of the Sunset Clause.

Engagement with Other Service Providers

The Company seeks to have a constructive relationship with all of its service providers. It maintains a schedule of the contracts that it has in place with its service providers including those services provided by the Investment Manager. The service provided by each is reviewed by the Board through the Manager and Service Provider Engagement Committee on an annual basis, most recently in July 2022. In April 2022, the Board visited the Company's Administrator and Custodian, Canaccord Genuity Wealth Limited. The Board received a comprehensive overview of the support functions of the wider group and met with internal stakeholders including the VCT administration team and senior members of the Compliance Team.

Investee Companies

The Company's performance is directly linked to the performance of its underlying investee companies. The Board has delegated the monitoring of its portfolio companies to the Investment Manager, which engages with investee companies through a programme of company meetings as part of its investment process and regularly thereafter.

The Board has also given the Investment Manager discretionary authority to vote on investee company resolutions on its behalf as part of its approach to corporate governance. The Investment Manager voted on 100% of the available resolutions in the period under review.

Engagement with the Community and Environment

The Board and Investment Manager are committed to investing in a responsible manner and the Investment Manager embeds ESG considerations into its investment decision-making process and throughout the period of its investments. The Investment Manager has a stewardship policy and engagement policy in place and is a signatory to the UN Principles of Responsible Investment.

The Company continues to engage with its investee companies to encourage more substantive reporting on ESG credentials and the development of sustainability goals.

Key decisions made during the year

Key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

- On 5 September 2022, following discussions with the Investment Manager, the Board launched an offer for subscription of shares. This provided an opportunity for existing shareholders and new investors to invest in the Company and provided liquidity to enable the Company to take advantage of new investment opportunities in furtherance of its long-term objectives.
- The Board allotted additional shares under its dividend re-investment scheme (DRIS) allowing shareholders to elect to receive all dividends from the Company in the form of new ordinary shares.
- During the year under review, the Company continued to buy back shares in line with its stated policy. This action provided liquidity for shareholders looking to sell their shares whilst helping the company adhere to its policy of maintaining an average share price discount to the NAV per share of approximately 5% across the financial year.
- Following the decision by Ashton Bradbury to retire from the Board, the Board engaged an external recruitment consultant and appointed Megan McCracken and Busola Sodeinde on 1 June 2022 as independent non-executive directors. The appointments align with the Board's commitment to independence and diversity and the principles of good corporate governance.
- Demonstrating the Board's commitment to the Company's dividend policy, a total of 4.15 pence per share of dividends was paid to shareholders during the year, comprising of a final dividend of 3.15 pence in respect of the previous financial year and an interim dividend of 1.00 pence. In addition, following the sale of Oxford Genetics Ltd in March 2021, a special dividend of 2.50 pence announced during the previous financial year was paid on 29 October 2021.
- The Board continuously strives to improve shareholder communications. During the year a marketing consultant, tasked with looking at communications, was engaged, the website was revamped and a shareholder event, allowing shareholders to engage with investee companies, the Board and the Investment Manager, was held.

Principal and emerging risks and uncertainties

The Directors acknowledge that they are responsible for the effectiveness of the Company's risk management and internal controls and periodically review the principal risks faced by the Company at Board meetings. The Board may fulfil these responsibilities through delegation to Canaccord Genuity Asset Management Limited and Canaccord Genuity Wealth Limited as it considers appropriate. The principal risks facing the Company, together with mitigating actions taken by the Board, are set out below:

Risk	Potential consequence	How the Board mitigates risk	Changes During the Year
Venture Capital Trust approval risk. The Company operates in a complex regulatory environment and faces a number of related risks. A breach of Section 259 of the Income Taxes Act 2007 could result in the disqualification of the Company as a VCT.	Loss of VCT approval could lead to the Company losing its exemption from corporation tax on capital gains, shareholders losing their tax reliefs and, in certain circumstances, being required to repay the initial tax relief on their investment.	To reduce this risk, the Board has appointed an investment manager with significant experience in the management of venture capital trusts. The Investment Manager regularly provides the Board with written and verbal reports. The Board also appointed Philip Hare & Associates LLP to monitor compliance with regulations and provide half-yearly compliance reports to the Board.	No change.
Investment risk. Many of the Company's investments are held in small, high risk companies which are either listed on AIM or privately held.	Investment in poor quality companies could reduce the capital and income return to shareholders. Investments in small companies are often illiquid and may be difficult to realise.	The Board has appointed an investment manager with significant experience of investing in small companies. The Investment Manager maintains a broad portfolio of investments across a wide range of industries and sectors. Individual Qualifying Investments rarely exceed 5% of net assets. The Investment Manager holds regular company meetings to monitor investments and identify potential risk. The VCT's liquidity is monitored on a regular basis by the Investment Manager and reported to the Board quarterly and as necessary.	Increased. Changes in monetary or fiscal policy have undermined consumer, business and investor confidence with negative impacts on profitability, investment and stock market performance.
Compliance risk. The Company is required to comply with the rules of the UK Listing Authority, the Companies Act, Accounting Standards, the General Data Protection Regulation and other legislation. The Company is also a small registered Alternative Investment Fund Manager (AIFM) and has to comply with the requirements of the AIFM Directive.	Failure to comply with these regulations could result in a delisting of the Company's shares, financial penalties, a qualified audit report or loss of shareholder trust.	Board members have considerable experience of operating at senior levels within quoted businesses. They have access to a range of advisors including solicitors, accountants and other professional bodies and take advice when appropriate. CGWL provides compliance oversight to both the Administrator and the Investment Manager and reports to the Board on a quarterly basis.	No change.
Operational risk and outsourcing. Failure in the Investment Manager, Administrator, Custodian, Company Secretary or other appointed third party systems and controls or disruption to its business.	Failures could put the assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or shareholders. Quality standards may be reduced through lack of understanding or loss of control.	The Company has in place a risk matrix and a set of internal policies which are reviewed on a regular basis. It has written agreements in place with its third-party service providers. The Board, through the Management and Service Provider Engagement Committee, receives regular reports from the Investment Manager, Administrator and custodian to provide assurance that appropriate oversight is in place. Additionally, the Board receives a control report from the Company's registrars on an annual basis. Where tasks are outsourced to other third parties, reputable firms are used and performance is reviewed periodically by the Management and Service Provider Engagement Committee	No change.

Risk	Potential consequence	How the Board mitigates risk	Changes During the Year
Key personnel risk. A change in the key personnel involved in the management of the portfolio.	Potential impact on investment performance.	The Board discusses key personnel risk and resourcing with the Investment Manager periodically. The VCT team within the Investment Manager comprises two fund managers and two investment analysts, which helps mitigate this risk.	No change.
Exogenous risks such as economic, political, financial, climate change and health. Economic risks include recession and sharp changes in interest rates. Political risks include the terms of the UK's exit from the European Union or a change in government policy causing the VCT scheme to be brought to an end. A condition of the European Commission's State aid approval of the UK's VCT and EIS schemes in 2015 was the introduction of a retirement date for the current schemes at midnight on 5 April 2025 (the 'Sunset Clause'). On 23 September 2022, the Government announced that it intended to extend the Sunset Clause. The extension will require new regulations to be laid before Parliament. If the relevant legislation is not renewed or replaced with similar or equivalent legislation, new investors will not be able to claim income tax relief for investments into new shares issued by VCTs after 5 April 2025. Climate change presents environmental, geopolitical, regulatory and economic risks. In the long term, some companies may have restrictions imposed on their operational model that reduce revenues and profit margins and increases their cost of capital.	Instability or changes arising from these risks could have an impact on stock markets and the value of the Company's investments so reducing returns to shareholders. There remains some residual risk from the pandemic. New variants of the virus may emerge that could result in the introduction of new restrictions, depress economic activity and lead to falls in equity markets in the UK and elsewhere, all of which could have a material adverse impact on the future investment returns of the Company, the price of the ordinary shares and the ability of the Investment Manager to find and realise suitable investments. A failure to renew or replace the relevant sections of the Finance (No 2) Act 2015 with similar or equivalent legislation would make it more difficult for the Company to attract new capital whilst continuing to operate under its current investment policy. Companies may face restrictions on emissions, water consumption and increased risk of environmental hazards.	Regular dialogue with the manager provides the Board with assurance that the Investment Manager is following the investment policy agreed by the Board and appraises the Board of the portfolio's current positioning in the light of prevailing market conditions. The Company's investment portfolio is well diversified and the Company has no gearing. The Board regularly reviews investment test forecasts and liquidity analysis, including under stress scenarios, to monitor current and anticipate future performance against HMRC legislation and to ensure the Company has, and will continue to have, access to sufficient liquidity and distributable reserves to maintain compliance with its key policies. The Board keeps abreast of current thinking through contact with industry associations and its advisors. The Investment Manager undertakes a review of ESG factors as part of the investment process. Climate change, or the need to limit its impact, will result in technological innovation as young companies seek to develop solutions and create opportunities for value creation for existing or new Qualifying Companies.	Increased. The Bank of England, along with several respected institutions (the OBR, the IFS and the OECD), expect the UK to be in an extended period of GDP contraction in 2023 and possibly beyond, with negative implications for many companies, particularly those providing goods or services to the UK consumer. The Bank of England increased base rates to 2.25% within the financial year. Interest rates are expected to peak at greater than 4% in 2023, increasing the cost of capital for companies and potentially depressing UK household wealth. On 23 September 2022, the Government announced its intention to extend the VCT scheme beyond 2025. Whilst a positive development, the basis on which the scheme will be extended remains subject to confirmation. The war in Ukraine presents challenges to the European security order and may have further profound economic consequences if restricted access to certain commodities over time limits the ability of energy intensive businesses to operate without interruption.

Additional risks and further details of the above risks and how they are managed are explained in note 15 of the financial statements. Trends affecting future developments are discussed in the Chair's statement on pages 4 to 8 and the Investment Manager's report on pages 24 to 27.

Long term viability statement

In accordance with provision 28 of the UK Corporate Governance Code, the Directors have carried out a robust assessment of the Company's emerging and principal risks, further details can be found in the principal and emerging risks and uncertainties section on pages 17 to 18. This assessment has been carried out over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of five years, which was selected because it:

- is consistent with investors' minimum holding period to retain the 30% income tax relief;
- exceeds the time allowed to deploy funds raised under the current offer in accordance with VCT legislation; and
- because it is challenging to forecast beyond five years with sufficient accuracy to provide actionable insight.

The Board considers the viability of the Company as part of its continuing programme of monitoring risk. The Company has a detailed risk control framework, documented procedures and forecasting model in place to reduce the likelihood and impact of risk taking that exceeds the levels agreed by the Board. These controls are reviewed by the Board and Investment Manager on a regular basis.

The Board has considered the Company's financial position and its ability to meet its liabilities as they fall due over the next five years. Forecasts and stress tests have been used to support their assessment and the following factors have been considered in relation to the Company's future viability:

- the Company maintains a highly diversified portfolio of Qualifying Investments;
- the Company is well invested against the HMRC investment test (84.85% at 30 September 2022) and the Board believes the Investment Manager will continue to have access to sufficient numbers of investment opportunities to maintain compliance with the HMRC investment test;
- the Company held £41.9 million in cash at the year end;
- the Company has distributable reserves of £40.9 million at 30 September 2022, equivalent to 15 pence per share;
- the Company has a broad portfolio of Non-Qualifying Investments, most of which are listed in the FTSE 350 and offer good levels of liquidity should the need arise;
- the financial position of the Company at 30 September 2022 was strong with no debt or gearing;
- the offer for subscription launched on 5 September 2022 has provided further liquidity for deployment in line with the Company's policies and to meet future expenses;
- the ongoing charges ratio of the Company at the year end was 2.06%, which is competitive for the VCT sector;
- the Company has procedures and forecast models in place to identify, monitor and control risk, portfolio liquidity and other factors relevant to the Company's status as a VCT; and
- the Company has improved its operational resilience through the expansion of its Board from five to six non-executive directors. The Investment Manager and the Company's other key service providers have contingency plans in place to manage operational disruptions.

In assessing the Company's future viability, the Board has assumed that investors will wish to continue to have exposure to the Company's activities, that performance will be satisfactory and the Company will continue to have access to sufficient capital.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

Other matters

Dividend policy

The Company's dividend policy is to target a tax free dividend yield equivalent to 5% of the year end NAV per share. The ability to pay dividends is dependent on the Company's available distributable reserves and cash resources, the Act, the Listing Rules and the VCT Rules. The policy is non-binding and at the discretion of the Board. Dividend payments may vary from year to year in both quantum and timing. The level of dividend paid each year will depend on the performance of the Company's portfolio. In years where there is strong investment performance, the Directors may consider a higher dividend payment, including the payment of special dividends. In years where investment performance is not as strong, the Directors may reduce or even pay no dividend.

Discount control and management of share liquidity policy

The Company aims to improve liquidity and to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board.

This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives.

Diversity

The Board comprises three male non-executive directors and three female non-executive directors with a diverse range of experience, skills, length of service and backgrounds. The Board considers diversity when reviewing Board composition and has made a commitment to consider diversity when making future appointments. The Board will always appoint the best person for the job. It will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Environmental Social and Governance (ESG) and Considerations

The Board seeks to maintain high standards of conduct with respect to environmental, social and governance issues and to conduct the Company's affairs responsibly.

The Company does not have any employees or offices and so the Board does not maintain any specific policies regarding employee, human rights, social and community issues but does expect the Investment Manager to consider them when fulfilling their role. As the Company used less than 40MWh of energy during the period it is exempt from the Streamlined Energy and Carbon Reporting requirements.

The Company, whilst exempt, continues to monitor and develop its approach to the recommendations of the Task Force on Climate related Financial Disclosures.

The management of the Company's investment portfolio has been delegated to its Investment Manager Canaccord Genuity Asset Management Ltd. The Company has not instructed the Investment Manager to include or exclude any specific types of investment on ESG grounds. However, it expects the Investment Manager to take account of ESG considerations in its investment process for the selection and ongoing monitoring of underlying investments. The Board has also given the Investment Manager discretion to exercise voting rights on resolutions proposed by investee companies.

The Investment Manager continues to strengthen its approach to ESG issues. Further detail regarding the Investment Manager's approach to ESG issues can be found on page 11.

To minimise the direct impact of its activities the Company offers electronic communications where acceptable to reduce the volume of paper it uses and uses Carbon Balanced paper manufactured at a FSC accredited mill to print its financial reports. Vegetable based inks are used in the printing process where appropriate.

Prospects

The prospects and future development of the Company are discussed in detail in the outlook section of the Chair's statement on page 8.

The strategic report is approved, by order of the Board of Directors.

David Brock
Chair

16 December 2022

Summary of VCT regulations

To maintain its status as a VCT, the Company must be approved by HMRC and comply with a number of conditions. A summary of the most important conditions are detailed below:

VCTs' obligations

VCTs must:

- have 80 per cent. (by VCT tax value) of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued;
- have at least 70 per cent. by VCT tax value of Qualifying Investments in Eligible Shares which carry no preferential rights (unless permitted under VCT Rules);
- have at least 30 per cent. of all new funds raised by the Company invested in Qualifying Investments within 12 months of the end of the accounting period in which the Company issued the shares;
- have no more than 15 per cent. by VCT tax value of its investments in a single company (as valued in accordance with the VCT Rules at the date of investment);
- derive most of its income from shares and securities, and, must not retain more than 15 per cent. of its income derived from shares and securities in any accounting period; and
- have their shares listed on the main market of the London Stock Exchange or a European regulated Stock Exchange.

VCTs must not:

- make a Qualifying Investment in any company that:
    - has (as a result of the investment or otherwise) received more than £5 million from State aid investment sources in the 12 months prior to the investment (£10 million for Knowledge Intensive Companies);
    - has (as a result of the investment or otherwise) received more than £12 million from State aid investment sources in its lifetime (or £20 million for Knowledge Intensive Companies);
    - in general has been generating commercial revenues for more than 7 years (or 10 years for Knowledge Intensive Companies); or
    - will use the investment to fund an acquisition of another company (or its trade and assets).
- make any investment which is not a Qualifying Investment unless permitted by section 274 ITA; and/or
- return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs.

Qualifying Investments

A Qualifying Investment consists of new shares or securities issued directly to the VCT by a Qualifying Company that at the point of investment:

- has gross assets not exceeding £15 million prior to investment and £16 million post investment;
- carries out activities which are regarded as a Qualifying Trade;
- is a private company or is listed on AIM or the AQSE Growth Market;
- has a permanent UK establishment;
- is not controlled by another company;
- will deploy the money raised for the purposes of the organic growth and development of a Qualifying Trade within 2 years;
- has fewer than 250 employees (or fewer than 500 employees in the case of certain Knowledge Intensive Companies);
- in general, has not been generating commercial sales for more than 7 years (ten years for Knowledge Intensive Companies);
- has not received more than the permitted annual and lifetime limits of risk finance State aid investment; and
- has not been set up for the purpose of accessing tax reliefs or is in substance a financing business.

The Finance Act 2018 introduced a principles-based approach known as the risk to capital condition to establish whether the activities or investments of an investee company can qualify for VCT tax reliefs. This condition has two parts:

- whether the investee company has an objective to grow and develop over the long term; and
- whether there is a significant risk that there could be a loss of capital to the investor of an amount exceeding the net return.

The Investment Manager & the Administrator

Canaccord Genuity Asset Management Limited ('CGAM'), is a wholly owned subsidiary of Canaccord Genuity Wealth Group Limited. The Investment Manager is a leading small cap UK fund manager with a team of 18 fund managers and analysts. As at 30 September 2022, the Investment Manager had more than £3.8 billion of funds under management across eight unit trusts/OEICS and the Company, including approximately £2.6 billion invested in small UK companies.

The Investment Manager's VCT fund management team is led by Oliver Bedford with support from Lucy Bloomfield, Anna Salim and Archie Stirling. The VCT fund management team is also supported by the wider CGAM fund management team, mainly in the delivery of the Non-Qualifying Investment Strategy through the direct investment of the Company's capital into companies listed on the main market of the London Stock Exchange, as permitted by the VCT Rules.

A short biography on the members of the Investment Manager's VCT team is set out below.

Oliver Bedford

Oliver Bedford graduated from Durham University with a degree in Chemistry. He served in the British Army for 9 years before joining the Investment Manager in 2004. After initially working as an analyst in support of the VCT, Oliver was appointed as co-manager in 2011 and then lead fund manager in 2019.

Lucy Bloomfield

Lucy Bloomfield joined the Investment Manager in August 2018. Prior to this she spent eight years as an analyst and UK Small & Mid cap fund manager at BlackRock before her most recent role as a European Small & Mid-cap fund manager with Ennismore Fund Management. Lucy graduated from Durham University in 2007 with a degree in Economics and is a CFA charterholder.

Anna Salim

Anna Salim joined the Investment Manager in April 2018. Her prior experience includes European lower mid-market private equity investments at Revolution Capital Group and equity research at Cormark Securities. Anna graduated from the University of Toronto and holds an MBA from University of Western Ontario. She is a CFA charterholder.

Archie Stirling

Archie Stirling graduated from Bristol University with a BSc in Economics, joined KPMG LLP in 2013 and qualified as a chartered accountant in 2016. Archie joined Canaccord Genuity in September 2021 following 5 years working in transaction services undertaking due diligence services on a range of private equity and growth capital transactions.

Other members of the wider fund management team at the Investment Manager include David Walton, Siddarth Chand Lall, Richard Hallett, George Finlay, Guy Feld and Eustace Santa Barbara (all pictured from left to right below), supported by a further eight analysts.

£3.8 BILLION of funds under management	**£2.6 BILLION** Invested in small UK companies	**24 YEAR** Track record of fund management	**OVER 1,800 MEETINGS** With companies (12 months to 30 September 2022)

Source: Canaccord Genuity Asset Management Limited (as at 30 September 2022)

The Administrator

Canaccord Genuity Wealth Limited (CGWL) provides administration and custody services to the Company. CGWL is a subsidiary of Canaccord Genuity Inc., a full service financial services company listed on the Toronto Stock Exchange.

Fees and expenses

The annual running costs of the Company are capped at 3.5 per cent. of the net assets of the Company. The Investment Manager has agreed to indemnify the Company in relation to all costs that exceed this cap (such costs excluding any VAT payable on the annual running costs of the Company). As at 30 September 2022, the Company's running costs were 2.06 per cent. of the net assets of the Company (including irrecoverable VAT).

Under the investment management agreement, the Investment Manager receives an annual management fee of 1.7 per cent. of the Net Asset Value of the Company. A maximum of 75 per cent. of the annual management charge will be chargeable against capital reserves, with the remainder being chargeable against revenue. The Company does not pay the Investment Manager a performance fee. As the Investment Manager to the Company and investment advisor to the Marlborough Special Situations Fund (in which the Company may also invest), the Investment Manager adjusts the fee it receives under the investment management agreement to ensure that the Company is not charged twice for its services.

The Investment Manager carries out some due diligence and transaction services on potential investments internally. Upon completion of an investment, the Investment Manager is permitted under the investment management agreement to charge private investee companies a fee equal to 1.5 per cent. of the investment amount. This fee is subject to a cap of £40,000 per investment and is payable directly from the investee company to the Investment Manager. The Investment Manager may recover external due diligence and transactional services costs directly from private investee companies.

The Administrator charges the Company an annual aggregate fee of £195,000 (plus VAT) in relation to the provision of administration services. In addition, the Administrator receives a fee of £30,000 per annum in relation to its appointment as the Company's Custodian.

Any initial or trail commissions paid to Financial Intermediaries are paid by CGWL.

Investment Manager's report

Introduction

This report covers the 2021/22 financial year, 1 October 2021 to 30 September 2022. The Investment Manager's report contains references to movements in the NAV per share and NAV total return per share. Movements in the NAV per share do not necessarily mirror the earnings per share reported in the accounts and elsewhere, which convey the profit after tax of the Company within the reported period as a function of the weighted average number of shares in issue for the period.

Investment performance measures contained in this report are calculated on a pence per share basis and include realised and unrealised gains and losses.

Investment report

Although strong levels of UK economic growth and high levels of employment made for a positive backdrop to the start of the financial year, the markets became increasingly difficult as the year progressed as it became clear that issues with labour market liquidity, supply chain disruption and rising input prices were weighing on corporate earnings and likely to remain a factor deep into 2022. The emergence of the Omicron variant added further downside risk towards the end of the first quarter; however, evidence quickly emerged that the impact was likely to be less profound than initially feared, allowing markets to move higher as the calendar year drew to a close.

The war in Ukraine further undermined the macro-economic environment, adding a new and deeply disturbing dimension to the geopolitical overlay. The introduction of severe financial sanctions on the Russian economy, both mandatory and self-imposed (in the case of many corporates) added further stress to disrupted supply chains. Commodity prices soared, further fuelling a difficult inflationary environment that central banks were already struggling to contain. In the UK, the Consumer Prices Index (CPI) rose to 10.1% in the 12 months to September 2022.

The Bank of England (BoE), in its August 2022 Monetary Policy Report, forecast CPI to peak at 13% in October 2022, before slowly returning to its 2% target thereafter, in part helped by the UK Government's policies to provide financial support to offset exceptionally high energy bills through to March 2023.

Against low expectations, the UK economy modestly outperformed through the second half of the year. Offsetting this was an increasingly challenging outlook as inflation continued to climb, heaping more pressure on household finances. UK consumer confidence began a precipitous decline, plunging to new lows not seen even in the global financial crisis or at the height of coronavirus pandemic. Confounding the generally gloomy disposition sweeping through markets, the UK continued to post very healthy employment data with employment market participation rates edging higher, unemployment remaining very low. Private sector wage growth (including bonuses) was robust (albeit less than inflation) helping many households at least in part confront rising prices. Of course, what is good for the individual is not necessarily good for the collective and many corporates saw margins come under pressure from increased cost of goods and wage inflation.

With supply-side constraints (energy, labour, components) continuing to drive inflation higher, the BoE responded to the rising inflation with several rate rises to bring the base rate to 2.25% in September. A difficult year was rounded off by the UK Government's much criticised mini-budget, interventions by the Bank of England to maintain financial stability and sharp rises in UK borrowing costs.

Whilst the outlook for inflation within the UK is relevant to our portfolio companies, it is the outlook in the US that has shaped the markets. There, too, inflation remained high and employment strong, prompting some aggressive increases in interest rates by the Federal Reserve and a very rapid repricing of the US Treasury market. This rippled through global equity markets and was a key driver of the fall in global stock markets and, in particular, long duration assets such as investments in healthcare and technology companies.

As sentiment soured, investors increasingly favoured larger more established companies over smaller, higher risk and less liquid companies. AIM underperformed the FTSE 100 and FTSE 250 indices.

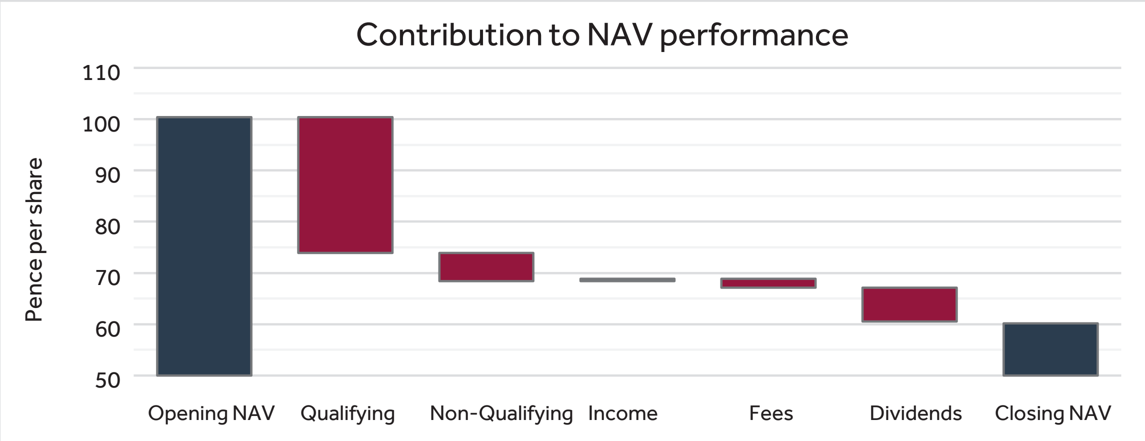
In the face of this negative outlook, we note that the portfolio is heavily weighted to small UK companies which by their size and maturity are dependent less on the dynamics of the broader economy in the long term and more on their unique circumstances and development. All the same, small high risk investments with limited liquidity are rarely popular when uncertainty and volatility spike.

Compositional biases in favour of energy and mining, drove a small gain on the FTSE 100 of 0.8% in the period. This return was very strong in the context of moves in other leading indices. The relative strength of the FTSE 100 benefitted the FTSE All-Share, which posted a modest 4.1% decline. UK small caps remain heavily out of favour, with the FTSE AIM All-Share Total Return Index falling by 34.3% in the period.

Performance

In the 12 months to 30 September 2022, the audited NAV per share decreased from 100.39 pence to 60.19 pence, a NAV total return to investors of -33.55 pence per share which, after adding back the 6.65 pence of dividends paid in the year, translates to a loss of 33.42%.

The Qualifying Investments made a net loss of -26.35 pence per share whilst the Non-Qualifying Investments loss was -5.62 pence per share. The -1.58 pence adjusting balance was the net running costs and investment income.



We track and measure corporate news flow. Although the NAV decline would suggest otherwise, a significant majority of the updates have been in line with or better than expectations. A broad based de-rating has been the most significant detractor to performance. Whilst this has been most acutely felt in growth companies it has also led to declines in other strategies.

Equipmake, which manufactures electric powertrains for the automotive, transport and aerospace industries, listed on the Aquis Stock Exchange Growth Market in July 2022. The company was the top performing investment (+47.1%, +0.59 pence per share) after a solid debut that included a £10.0m raise. Post period end, the company provided a first positive update since listing.

The acquisition of Ideagen (+11.1%, +0.32 pence per share) by funds managed by Hg Capital was a bittersweet moment. The offer price was generous, valuing the company at £1.06bn, equivalent to 349 pence per share. Upon completion, the VCT realised a gain of £8.4m (+1,400%). As a provider of governance, risk and compliance solutions, the company had a resilient business model supported by high levels of recurring revenues. It was unfortunate to lose such a successful and well managed company from the qualifying portfolio.

Bidstack (+42.9%, +0.29 pence per share) signed a number of key partnerships over the period, including a two-year partnership with digital media platform Azerion and a multi-year deal with a leading global AAA game publisher. As a result, the company has secured a minimum of $30m guaranteed advertising spend over the next 2 years, which underpins their ambitious growth forecasts for 2022 and 2023. Post period end, the company reported a contractual dispute with Azerion.

Cloudcall (+43.0%, +0.27 pence per share) was another investment lost to private equity following a bid that valued the company at £39.9m or 81.5 pence per share, a 44% premium to the average share price for the previous 3 months and in line with its March 2021 fundraising. Whilst it was disappointing to exit the investment at a loss at a time when revenues were growing and the outlook improving, analyst's forecasts indicated a requirement for further funding amidst waning support from shareholders.

Zoo Digital (+11.1%, +0.23 pence per share) upgraded forecasts several times on the back of strong demand from clients for its cloud software-based subtitling, dubbing and media localisation services to content creators and streaming platforms. The company is growing rapidly, has a strong balance sheet and a large addressable market to target.

Gousto (-82.4%, -4.89 pence per share), for so long a source of positive performance, was the biggest detractor within the period as several factors came together to materially reduce the company's valuation. Trading became more challenging as the year progressed as consumers increased spending on out of home activities such as dining out, travel and leisure. More recently, the decline in UK consumer confidence and real wages weighed on demand from new and existing customers. The fair value of the investment was decreased following forecast revisions to the current year and FY23 and very significant declines in the valuations within the company's peer group. Some of these factors may prove to be temporary as consumers rebalance their spend away from out of home activities and travel. The company continues to introduce further service enhancements, which we expect to strengthen its competitive advantage.

Learning Technologies Group (-51.3%, -1.87 pence per share) was not immune to the sell-off in technology companies. The company has continued to trade in line with expectations and recently released new revenue and profit targets for 2025 that were ahead of prior guidance. The 2021 acquisition of GP Strategies introduced a significant revenue mix shift away from software and platform revenues and an increased exposure to more cyclical content and services revenues, although the company highlights that many of its consulting contracts are long term in nature and afford it similar levels of revenue visibility. The integration of GP strategies is progressing ahead of plan.

Polarean (-59.2%, -1.68 pence per share) announced in October 2021 that the U.S. Food and Drug Administration (FDA) had not approved the New Drug Application (NDA) for its drug device combination product using hyper-polarised xenon for enhanced magnetic resonance imaging (MRI) in pulmonary lung medicine. The issues were considered to be relatively minor and largely related to manufacturing; the company subsequently re-submitted the NDA in April 2022 for approval. The FDA has since asked for further information about the third-party manufacture of the xenon gas and has granted a 90-day extension to the review process. The company remains well funded with a net cash balance of $22.7m as of 30 June 2022.

Ilika (-60.9%, -1.18 pence per share) reported that performance issues, now resolved, arose during the commissioning of its new Stereax manufacturing facility, leading to a short delay to the start of commercial production. This, along with an updated pipeline of customers that now mostly consists of medical device applications with longer commercialisation programmes, led to a large reduction in forecast FY23 revenues. Although the company reported during the period under review that Goliath, Ilika's programme to develop large format battery for electric vehicles (EVs) and consumer appliances, remained on track, more recent updates have highlighted some delay to the development programme. The balance sheet remains strong with cash of £18.6m at 31 October 2022.

Creo Medical (-69.2%, -1.03 pence per share) continues to commercialise its innovative range of electrosurgical endoscopic devices. With the healthcare systems globally normalising, the company has been able to expand its pioneer programme to recruit and train clinicians and expand its user base, this having been held back during the pandemic. In parallel, the company advanced plans to commercialise its intellectual property through licensing and royalty agreements with robotics companies. A first collaboration agreement was signed within the period whilst a first licensing and royalty agreement was signed post period end. Although the company had cash of £26.1m at 30 June 2022, it is significantly loss making and will require further funding.

Having been very strong through 2021, the IPO market became increasingly subdued as we moved through the year. Despite this, we invested £14.7m into 11 Qualifying Companies including 4 IPOs and 7 follow on investments into existing portfolio companies. The most significant new investments included Equipmake, Eneraqua and Skillcast. We reduced our investments in Rosslyn Data, Yourgene and Bidstack and made complete exits from DP Poland, e-therapeutics, Trellus Health, KRM22, Mirriad Advertising, Vertu, Cloudcall, Reneuron and Synairgen.

Portfolio structure

The VCT is comfortably through the HMRC defined investment test and ended the period at 84.85% invested as measured by the HMRC investment test. By market value, the VCT had a 64.5% weighting to Qualifying Investments at year-end.

The allocation to non-qualifying equity investments decreased from 11.2% to 7.7% within the year. In line with the investment policy, we made investments in the Marlborough Special Situations Fund as a temporary home for proceeds from fundraising; the allocation increased modestly from 1.6% to 2.1% and returned -1.05 pence per share in the period.

The non-qualifying direct equity investments, which are mostly held in FTSE 350 companies contributed -4.57 pence per share. Within the period, Diversified Energy returned +16.0% (+0.03 pence per share), Glencore returned +6.8% (+0.03 pence per share) and BAE Systems returned +8.1% (+0.01 pence per share). The largest losses from within the non-qualifying portfolio came from S4 Capital (-68.1%, -0.49 pence per share) and Future (-64.3%, -0.45 pence per share). The period ended with no non-qualifying fixed income investments and a significant increase in the cash weighting from 11.8% to 26.1%, higher than normal, reflecting an underweight allocation to non-qualifying equities and fixed income.

The Company invests across all available investment sectors, although VCT legislation tends to promote investment into sectors such as technology, healthcare and consumer discretionary. The weightings to these three sectors changed slightly over the year as a consequence of additional investment and share price performance, taking their respective shares to 32.3%, 27.3% and 16.3%.

The HMRC investment tests are set out in Chapter 3 of Part 6 Income Tax Act 2007, which should be read in conjunction with this investment manager's report. Funds raised by VCTs are first included in the investment tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. Therefore, the allocation of qualifying investments as defined by the legislation can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

Share Buy Backs & Discount Control

4,307,731 shares were acquired in the year at an average price of 75.29 pence per share. The share price declined by 3.6% and traded at a premium of 0.52% following the publication of the 30 September 2022 NAV on 10 October 2022.

Post period end update

The NAV per share has increased from 60.19 pence to 61.02 pence in the period to 9 December 2022, a gain of 1.4%.

As at 16 December 2022, the share price of 57.00 pence represented a discount of 6.6% to the last published NAV per share.

The final weeks of the financial year were dominated by political instability which, at the time threatened to push the UK economy into deep recession in 2023. Borrowing costs were rising rapidly, with profound implications for households and companies. The appointment of a new Chancellor, the election of a new Prime Minister, a second Autumn statement and interventions from the BoE, helped to stabilise markets and led to a fall in borrowing costs. When viewed against the chaos that preceded the resignation of the former Prime Minister, then the outlook is much improved. Unfortunately, a much improved outlook does not translate into a positive one and we still expect a UK recession throughout 2023. Our expectations align with consensus. However, there are some notable differences across the independent forecasting bodies (IFS, OECD, OBR, BoE) in their predictions for the depth and duration of the recession. The BoE was quite stark in its outlook whilst others are more sanguine. The extent to which UK households draw down on excess savings accumulated during the pandemic is an important factor in this and the subject of some debate.

We have completed 3 new qualifying investments post period end. Deal flow on AIM remains subdued, although we expect this to progressively improve as we move through the financial year. In the meantime, we continue to review large numbers of investment opportunities in private companies.

For further information please contact:

Oliver Bedford
Lead Fund Manager

16 December 2022

Investment portfolio summary

As at 30 September 2022

	Net Assets % at 30.09.22	Cost £000	Cumulative Movement in value £000	Valuation £000	Change in Value for the Year £000[1]	Market	COI[2]
Qualifying Investments							
Zoo Digital Group plc	3.74	2,266	3,739	6,005	600	AIM	Yes
Equipmake Holdings plc	3.06	3,340	1,572	4,912	1,571	AIM	No
Learning Technologies Group plc	2.94	2,238	2,482	4,720	(4,963)	AIM	Yes
Eagle Eye Solutions Group plc	2.94	1,642	3,076	4,718	(43)	AIM	Yes
Maxcyte Inc	2.62	1,270	2,930	4,200	(2,475)	AIM	Yes
Surface Transforms plc	2.41	1,744	2,118	3,862	(2,574)	AIM	Yes
Tortilla Mexican Grill Plc	2.26	1,125	2,500	3,625	(447)	AIM	Yes
PCI-PAL plc	1.98	2,280	904	3,184	(1,315)	AIM	Yes
Polarean Imaging plc	1.86	2,081	906	2,987	(4,338)	AIM	No
SCA Investments Ltd (Gousto)	1.73	2,484	299	2,783	(13,065)	Unlisted	Yes
Infinity Reliance Ltd (My 1st Years)[3]	1.71	2,500	243	2,743	(1,151)	Unlisted	Yes
Beeks Financial Cloud Group plc	1.61	1,038	1,549	2,587	(1,038)	AIM	Yes
Bidstack Group plc	1.54	1,983	496	2,479	779	AIM	No
Abcam plc	1.38	55	2,164	2,219	(250)	AIM	No
Cohort plc	1.36	619	1,566	2,185	(456)	AIM	Yes
C4X Discovery Holdings plc	1.25	2,300	(301)	1,999	(1,152)	AIM	No
Ilika plc	1.24	1,636	361	1,997	(3,106)	AIM	No
Craneware plc	1.17	125	1,757	1,882	(490)	AIM	Yes
Blackbird plc	1.15	615	1,230	1,845	(2,337)	AIM	No
Velocys plc	1.07	2,220	(495)	1,725	(459)	AIM	No
Diaceutics plc	1.02	1,550	81	1,631	(591)	AIM	Yes
Crossword Cybersecurity plc	0.98	2,039	(468)	1,571	(586)	AIM	Yes
Eneraqua Technologies plc	0.97	1,955	(402)	1,553	(402)	AIM	No
Escape Hunt plc	0.96	4,067	(2,519)	1,548	(2,519)	AIM	Yes
Arecor Therapeutics Plc	0.96	1,687	(151)	1,536	(699)	AIM	No
Angle plc	0.94	1,158	356	1,514	(1,537)	AIM	No
Zappar Ltd	0.89	1,600	(171)	1,429	(1,351)	Unlisted	No
AnimalCare Group plc	0.89	720	705	1,425	(959)	AIM	Yes
CentralNic Group plc	0.88	588	824	1,412	12	AIM	Yes
Aquis Exchange plc	0.87	765	626	1,391	(1,937)	AIM	Yes
Belvoir Group plc	0.79	762	509	1,271	(211)	AIM	Yes
Creo Medical Group plc	0.76	2,329	(1,110)	1,219	(2,737)	AIM	Yes
Bivictrix Therapeutics Plc	0.75	1,200	-	1,200	120	AIM	No
EKF Diagnostics Holdings plc	0.74	565	629	1,194	(1,308)	AIM	Yes
Idox plc	0.72	135	1,028	1,163	(97)	AIM	Yes
OneMedia iP Group plc	0.71	1,141	–	1,141	32	AIM	Yes
Intelligent Ultrasound Group plc	0.71	1,150	(17)	1,133	(283)	AIM	No
Kidly Ltd	0.70	1,660	(542)	1,118	(1,137)	Unlisted	No
Eden Research plc	0.66	1,355	(294)	1,061	(745)	AIM	No
Verici DX plc	0.62	1,939	(941)	998	(2,451)	AIM	Yes
Instem plc	0.61	297	689	986	(527)	AIM	Yes
Quixant plc	0.61	1,209	(229)	980	(140)	AIM	No
The Property Franchise Group plc	0.58	377	551	928	10	AIM	Yes
Hardide plc	0.54	3,566	(2,696)	870	(869)	AIM	Yes
Skillcast Group plc	0.53	1,570	(721)	849	(721)	AIM	No
Equals Group plc	0.52	750	92	842	192	AIM	Yes
Crimson Tide Plc	0.47	1,260	(504)	756	(378)	AIM	Yes
Tristel plc	0.37	543	58	601	(562)	AIM	No
Diurnal Group plc	0.35	672	(107)	565	(695)	AIM	No
Globaldata plc	0.35	173	384	557	(250)	AIM	Yes
Airportr Technologies Ltd[3]	0.33	1,888	(1,359)	529	528	Unlisted	No
Everyman Media Group plc	0.24	600	(208)	392	(177)	AIM	Yes
Intercede Group plc	0.24	305	85	390	(533)	AIM	Yes
Science in Sport plc	0.24	1,479	(1,094)	385	(1,442)	AIM	No
K3 Business Technology Group plc	0.23	270	99	369	(159)	AIM	Yes
Faron Pharmaceuticals Oy	0.22	1,374	(1,024)	350	(380)	AIM	No
Fusion Antibodies plc	0.20	624	(308)	316	(507)	AIM	No
Strip Tinning Holdings PLC	0.20	1,054	(741)	313	(740)	AIM	No
Gfinity plc	0.18	2,026	(1,732)	294	(881)	AIM	Yes
Smoove Plc	0.18	770	(478)	292	(370)	AIM	No

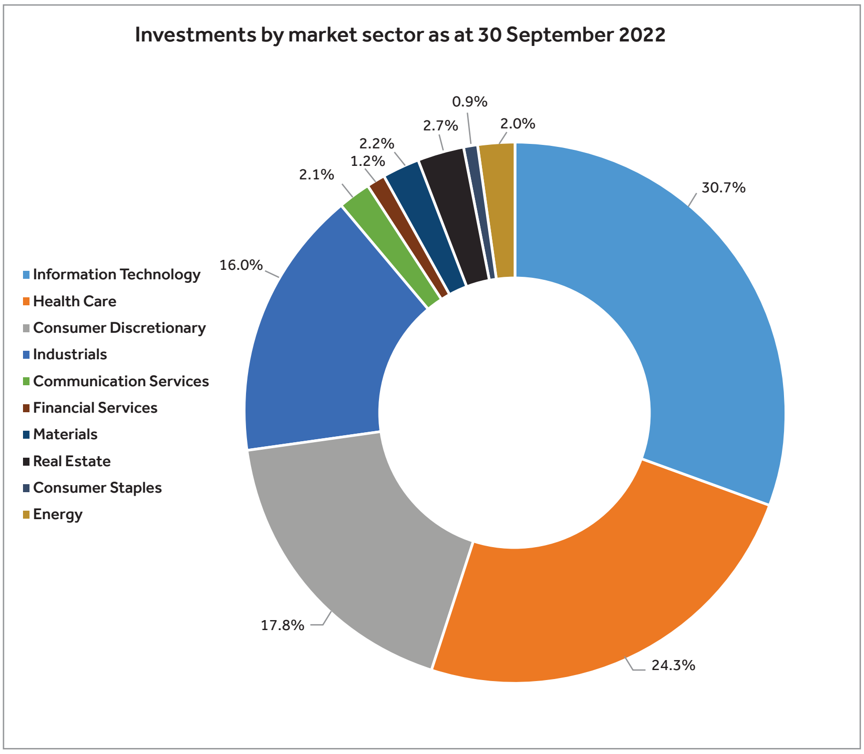
	Net Assets % at 30.09.22	Cost £000	Cumulative Movement in value £000	Valuation £000	Change in Value for the Year £000[1]	Market	COI[2]
Yourgene Health plc	0.14	472	(252)	220	(496)	AIM	No
Rosslyn Data Technologies plc	0.11	500	(330)	170	(307)	AIM	Yes
Trakm8 Holdings plc	0.09	486	(334)	152	(17)	AIM	No
In the Style Group plc	0.09	1,667	(1,525)	142	(883)	AIM	No
MYCELX Technologies Corporation	0.04	361	(303)	58	(21)	AIM	Yes
Renalytix AI plc	0.02	82	(45)	37	(435)	AIM	Yes
Osirium Technologies plc	0.01	858	(840)	18	(103)	AIM	No
Flowgroup plc	–	26	(26)	–	–	Unlisted	No
Honest Brew Ltd[3]	-	2,800	(2,800)	-	(276)	Unlisted	No
Laundrapp Ltd[3]	–	2,450	(2,450)	–	–	Unlisted	No
Mporium Group plc	-	33	(33)	-	-	Unlisted	No
Infoserve Group Plc[4]	-	-	-	-	-	Unlisted	No
Total – equity Qualifying Investments	63.23	92,468	9,058	101,526	(67,234)		
Qualifying Fixed Income Investments							
Kidly Ltd (Loan Notes)	0.75	1,200	–	1,200	(1,191)	Unlisted	No
Osirium Technologies plc (Loan Notes)	0.47	800	(44)	756	(256)	AIM	No
Honest Brew Ltd (Loan Notes)	–	300	(300)	–	(300)	Unlisted	No
Total qualifying fixed income investments	1.22	2,300	(344)	1,956	(1,747)		
Total Qualifying Investments	64.45	94,768	8,714	103,482	(68,981)		
Non qualifying investments							
Marlborough Special Situations Fund	2.06	4,610	(1,301)	3,309	(2,814)		No
Total unit trusts							
Bytes Technology Group plc	0.72	842	320	1,162	(240)	Main	Yes
SThree plc	0.72	1,687	(534)	1,153	(777)	Main	Yes
NCC Group plc	0.60	985	(24)	961	(169)	Main	Yes
JD Sports Fashion plc	0.48	1,421	(655)	766	(763)	Main	Yes
WH Smith plc	0.46	948	(208)	740	(321)	Main	Yes
Trifast Group plc	0.45	1,318	(598)	720	(688)	Main	Yes
The Watches of Switzerland Group plc	0.42	975	(302)	673	(310)	Main	Yes
Future plc	0.41	599	60	659	(1,188)	Main	Yes
Hilton Food Group plc	0.40	1,262	(621)	641	(781)	Main	Yes
Bodycote plc	0.39	990	(362)	628	(556)	Main	No
Diversified Energy Company plc	0.36	505	77	582	77	Main	Yes
Hollywood Bowl Group plc	0.33	797	(274)	523	(274)	Main	Yes
Rotork plc	0.31	737	(246)	491	(241)	Main	No
Shaftesbury plc	0.29	761	(295)	466	(306)	Main	No
Workspace Group plc	0.29	1,025	(567)	458	(489)	Main	No
Tortilla Mexican Grill Plc	0.25	161	233	394	(48)	AIM	Yes
BAE Systems plc	0.23	346	25	371	25	Main	No
Chemring Group plc	0.19	358	(54)	304	(54)	Main	Yes
Wickes Group plc	0.19	585	(283)	302	(282)	Main	Yes
On the Beach Group plc	0.14	868	(642)	226	(635)	Main	Yes
Seraphine Group plc	0.07	1,853	(1,743)	110	(1,064)	Main	Yes
MYCELX Technologies Corporation	0.04	298	(231)	67	(24)	AIM	Yes
Total – Equity non-qualifying investments	7.74	19,321	(6,924)	12,397	(9,108)		
Total – Non-qualifying investments	9.80	23,931	(8,225)	15,706	(11,922)		
Total investments	74.25	118,699	489	119,188	(80,903)		
Cash at bank	26.11			41,911			
Prepayments & accruals	(0.36)			(591)			
Net assets	100.00			160,508			

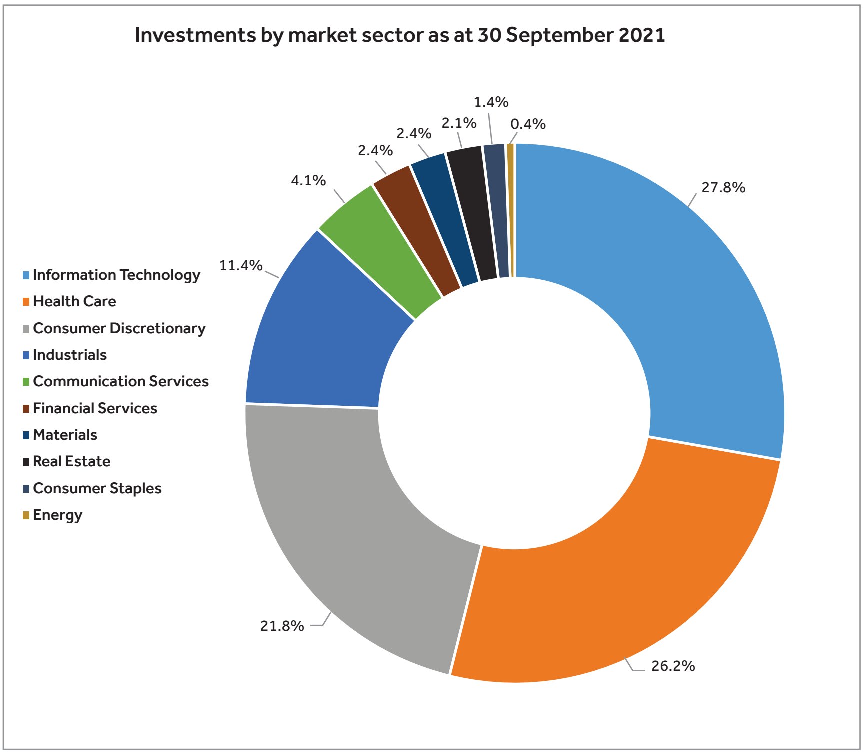
(1) The change in fair value has been adjusted for additions and disposals in the year and as such does not reconcile to the unrealised total in note 7. The difference is £4.3 million which is the total of 20 full investment disposals in the year.

(2) COI – Co investments with other funds managed by the Investment Manager at 30 September 2022.

(3) Different classes of shares held in unlisted companies within the portfolio have been aggregated.

(4) Impaired fully through the profit and loss account and therefore shows a zero cost.


Investments by market sector as at 30 September 2022
Information Technology
Health Care
Consumer Discretionary
Industrials
Communication Services
Financial Services
Materials
Real Estate
Consumer Staples
Energy
30.7%
24.3%
17.8%
16.0%
2.1%
1.2%
2.2%
2.7%
0.9%
2.0%


Investments by market sector as at 30 September 2021
Information Technology
Health Care
Consumer Discretionary
Industrials
Communication Services
Financial Services
Materials
Real Estate
Consumer Staples
Energy
27.8%
26.2%
21.8%
11.4%
4.1%
2.4%
2.4%
2.1%
1.4%
0.4%

The investments listed below are either listed, headquartered or registered outside the UK:

	Listed	Headquartered	Registered
Listed Investments:			
Abcam plc	UK/USA	UK	UK
Bytes Technology Group plc	UK/South Africa	UK	UK
Crimson Tide	UK/Republic of Ireland	UK	UK
Craneware plc	UK	UK/USA	UK
Diversified Energy Company plc	UK	USA	UK
Faron Pharmaceuticals Oy	UK/Finland	Finland	Finland
Maxcyte Inc	UK/USA	USA	USA
Mycelx Technologies Corporation plc	UK	USA	USA
Polarean Imaging plc	UK	USA	UK
Renalytix AI plc	UK/USA	USA	UK
Verici DX plc	UK	UK/USA	UK
Unlisted private companies:			
Genagro Ltd[(1)]	-	UK	Jersey

(1) Companies awaiting liquidation.

Top ten investments
As at 30 September 2022 (by market value)

The top 10 investments are shown below. Each investment is valued by reference to the bid price or, in the case of unquoted companies, the IPEV guidelines using one or more valuation techniques according to the nature, facts and circumstances of the investment. Forecasts, where given, are drawn from a combination of broker research and/or Bloomberg consensus forecasts and exclude amortisation, share based payments and exceptional items. Forecasts are in relation to a period end for which the company results are yet to be released. Published accounts are used for private companies or public companies with no published broker forecasts. The net asset figures and net cash values are from published accounts in most cases.

Zoo Digital Group plc			Share Price: 130.0p
Investment date	Apr-17	Forecasts for the year to	March 2023
Equity held	5.28%	Turnover ($'000)	95,000
Av. Purchase Price	49.1	Profit/(loss) before tax ($'000)	6,900
Cost (£'000)	2,266	Net cash/(debt) September 2022 ($'000)	1,498
Valuation (£'000)	6,005	Net assets September 2022 ($'000)	30,690

Company description

Zoo Digital is a provider of cloud-based dubbing, subtitling, localisation and distribution services for the global entertainment industry. Zoo's clients are some of the best-known brands in the world including major Hollywood studios, global broadcasters and independent distributors. Zoo's point of difference in the marketplace is its development and use of innovative cloud technology that ensures that content is localised in any language and delivered to all the major online platforms such as Amazon, iTunes, Google and Hulu with reduced time to market, higher quality and lower costs.

Equipmake plc			Share Price: 6.25p
Investment date	Jul-22	Forecasts for the year to	May 2023
Equity held	9.54%	Turnover (£'000)	4,800
Av. Purchase Price	4.3	Profit/(loss) before tax (£'000)	(4,400)
Cost (£'000)	3,340	Net cash/(debt) May 2022 (£'000)	1,876
Valuation (£'000)	4,912	Net assets May 2022 (£'000)	5,602

Company description

Equipmake is a UK based technology company, which has developed a range of electrification products for the provision of electric vehicle (EV) drivetrains to meet the needs of the automotive, aerospace and other sectors in support of the transition from fossil-fuelled to zero emission powertrains. Equipmake products can be applied in a variety of other vehicle electrification contexts, including hybrid, fully electric and fuel cell vehicles. Equipmake provides individual components to full turnkey systems.

Learning Technologies plc			Share Price: 104.9p
Investment date	Jul-15	Forecasts for the year to	December 2022
Equity held	0.57%	Turnover (£'000)	531,000
Av. Purchase Price	49.7	Profit/(loss) before tax (£'000)	83,600
Cost (£'000)	2,238	Net cash/(debt) June 2022 (£'000)	(145,279)
Valuation (£'000)	4,721	Net assets June 2022 (£'000)	417,271

Company description

Learning Technologies Group provides workplace digital learning and talent management software and services to corporate and government clients. The group offers end-to-end learning and talent solutions ranging from strategic consultancy, through a range of content and platform solutions to analytical insights that enable corporate and government clients to meet their performance objectives.

Eagle Eye Solutions Group plc			Share Price: 545.0p
Investment date	Apr-14	Forecast for the year to	June 2023
Equity held	3.28%	Turnover (£'000)	35,100
Av. Purchase Price	189.7	Profit/(loss) before tax (£'000)	3,000
Cost (£'000)	1,642	Net cash/(debt) June 2022 (£'000)	3,632
Valuation (£'000)	4,718	Net assets June 2022 (£'000)	8,567

Company description

Eagle Eye is a Software-as-a-Service (SaaS) technology company that creates digital connections enabling personalised, real-time marketing solutions for large retailers. Through Eagle Eye AIR, the company's loyalty and promotions omnichannel SaaS platform, companies connect all aspects of the customer journey in real time, unlocking the capability to deliver personalisation, streamline marketing execution and open up new revenue streams through promotions, loyalty, apps, subscriptions and gift services.

Maxcyte Inc			Share price: 560.0p
Investment date	Mar-16	Forecast for the year to	December 2022
Equity held	0.74%	Turnover ($'000)	43,800
Av. Purchase Price	169.3	Profit/(loss) before tax ($'000)	(19,500)
Cost (£'000)	1,270	Net cash/(debt) June 2022 ($'000)	109,168
Valuation (£'000)	4,200	Net assets June 2022 ($'000)	257,223

Company description

Leading, cell-engineering focused company providing enabling platform technologies to advance the discovery, development and commercialization of next-generation cell therapeutics.

Surface Transforms plc			Share price: 39.0p
Investment date	Mar-16	Forecast for the year to	December 2022
Equity held	5.07%	Turnover (£'000)	12,500
Av. Purchase Price	17.6	Profit/(loss) before tax (£'000)	(594)
Cost (£'000)	1,744	Net cash/(debt) June 2022 (£'000)	5,454
Valuation (£'000)	3,862	Net assets June 2022 (£'000)	18,842

Company description

Surface Transforms develops and produces carbon-ceramic brake discs serving customers that include major OEMs in the global automotive markets. Surface Transforms interweaves continuous carbon fibre to form a 3D multi-directional matrix, producing a stronger, lighter and more durable product with 3x the heat conductivity compared to standard production components.

Tortilla Mexican Grill plc			Share price: 145.0p
Investment date	Oct-09	Forecasts for the year to	December 2022
Equity held	7.17%	Turnover (£'000)	58,400
Av. Purchase Price	46.4	Profit/(loss) before tax (£'000)	700
Cost (£'000)	1,286	Net cash/(debt) July 2022 (£'000)	3,163
Valuation (£'000)	4,019	Net assets July 2022 (£'000)	4,205

Company description

Tortilla is the UK's largest fast-casual Mexican restaurant brand, offering a California-style Mexican menu. Founded in October 2007, Tortilla operates a multichannel order strategy across dine in, take away, click and collect and delivery options. The current estate includes more than 60 Tortilla restaurants across the UK, 10 sites in Dubai and Saudi Arabia, a cloud kitchen estate and exclusive delivery partnership with Deliveroo. Following the acquisition of Chilango Ltd in May 2022, the company operates 8 sites across the UK under the Chilango brand.

PCI PAL plc			Share price: 46.0p
Investment date	Jan-18	Forecast for the year to	June 2023
Equity held	10.41%	Turnover (£'000)	14,500
Av. Purchase Price	32.9	Profit/(loss) before tax (£'000)	(2,200)
Cost (£'000)	2,280	Net cash/(debt) June 2022 (£'000)	4,888
Valuation (£'000)	3,184	Net assets June 2022 (£'000)	185

Company description

PCI Pal plc is a provider of Software-as-a-Service (SaaS) solutions that allows companies to take payments from their customers securely. Its products secure payments and data in any business communications environment including voice, chat, social, email, and contact centre and is integrated to, and resold by, business communications vendors and payment service providers.

Polarean Imaging plc			Share price: 42.0p
Investment date	Apr-20	Forecast for the year to	December 2022
Equity held	3.34%	Turnover ($'000)	1,500
Av. Purchase Price	29.3	Profit/(loss) before tax ($'000)	(17,700)
Cost (£'000)	2,081	Net cash/(debt) June 2022 ($'000)	22,690
Valuation (£'000)	2,987	Net assets June 2022 ($'000)	25,680

Company description

Polarean Imaging specialises in the use of hyperpolarised Xenon gas as an imaging agent and has developed equipment that enables existing Magnetic Resonance Imaging (MRI) systems to achieve improved imaging of pulmonary function. Current investigational uses include identifying early diagnoses of respiratory diseases as well as monitoring progression and therapeutic response.

SCA Investments Ltd (Gousto)			Unquoted
Investment date	Jul-17	Results for the year to	December 2021
Voting rights held	1.31%	Turnover (£'000)	315,281
Av. Purchase Price	3711.0	Profit/(loss) before tax (£'000)	(19,984)
Cost (£'000)	2,484	Net cash/(debt) December 2021 (£'000)	89,955
Valuation (£'000)	2,783	Net assets December 2021 (£'000)	176,242
Income recognised in period (£)	0		

Company description

Founded in February 2012, Gousto is an e-commerce company offering recipe kit boxes which include fresh ingredients for step-by-step chef designed recipes to be made at home. Shoppers select meals from a variety of options on Gousto's e-commerce platform.

For further information please contact:

Oliver Bedford
Lead Fund Manager

Canaccord Genuity Asset Management Limited
88 Wood Street
London
EC2V 7QR
0207 523 4837
aimvct@canaccord.com

Governance

Board of Directors

David Brock *(Chair)*

An experienced company chairman in both private and public companies and a former main board director of MFI Furniture Group plc, David joined the Board in September 2010. David is chairman of Molten Ventures VCT plc and Episys Group Ltd.

Oliver Bedford

Oliver sits on the Board as part of his role as Lead Fund Manager at the Investment Manager in relation to the Company.

Angela Henderson *(Management and Service Provider Engagement Committee Chair)*

Angela Henderson was appointed in October 2019 and is a non-executive director at Macquarie Capital (Europe) Limited and Polar Capital Global Financials Trust plc following an executive career in financial services. She has invested in early stage technology companies and held non-executive board seats in the asset management sector. Previously she has served on the governing body of a London hospital and is a trustee of a healthcare charity. She is a solicitor of the Senior Courts of England & Wales.

Megan McCracken

Megan McCracken was appointed in June 2022 and is a Senior Independent Director and non-executive director with State Street Trustees Limited, GB Bank, and Folk2Folk. Megan was awarded the Institute of Directors' Chair's Award. She previously held executive roles at HSBC and Citibank, and was a PwC consultant and a Boeing Satellite Systems engineer. Megan has an MBA from MIT Sloan School of Management and a Bachelor of Science in Aerospace Engineering from the University of Notre Dame.

Busola Sodeinde

Busola Sodeinde was appointed in June 2022 and is a qualified Chartered Accountant and has spent most of her executive career in Financial Services. Until 2019, she was a Managing Director/CFO – Global Markets EMEA for State Street Bank. She was appointed to the Board of Governors for Church Commissioners (and sits on its Audit & Risk Committee), is a non-executive director at The Ombudsman Services and a Trustee of The Scouts. She is the founder of a social start up, and is also an activator supporting women-led ventures.

Justin Ward *(Audit Committee Chair)*

Justin Ward is a qualified Chartered Accountant and is a non-executive director and chairman of the Investment Committee of The Income and Growth VCT PLC. He is also a non-executive director of School Explained Limited and has previously served on the board of a number of private companies. Justin formerly led growth equity and private equity buyout transactions at CVC Capital Partners, Hermes Private Equity and Bridgepoint Development Capital.

Directors' report
For the year end 30 September 2022

The Directors of the Company present their report together with the audited financial statements of the Company for the year from 1 October 2021 to 30 September 2022 (the "Annual Report"), incorporating the corporate governance statement on pages 46 to 50. The principal activity of the Company has been outlined in the strategic report on page 9. The Board believes that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Directors

The Directors of the Company during the year were David Brock (Chair), Oliver Bedford, Angela Henderson, Justin Ward and Busola Sodeinde and Megan McCracken (both appointed on 1 June 2022). Brief biographical details are given on page 36. Ashton Bradbury resigned as a Director of the Company on 3 February 2022.

Directors' interests

The Directors' interests (including those of connected persons) in the issued share capital of the Company are outlined in the Directors' remuneration report on page 44. There is no minimum holding requirement that the Directors need to adhere to.

David Brock, Oliver Bedford, Angela Henderson and Justin Ward are shareholders in the Company. Their current shareholdings, as at the date of the Annual Report, are stated in the Directors' remuneration report on page 44.

Directors' and officers' liability insurance

All Directors benefit from qualifying third party indemnity insurance cover.

Deeds of Indemnity

During the year the Company entered into new deeds of indemnity in favour of each of the Directors in order to provide additional protection to the Directors in certain liability scenarios. The deeds of indemnity give each Director the benefit of an indemnity, out of the assets and profits of the Company, to the extent permitted by the Companies Act 2006 and subject to certain limitations against liabilities incurred by each of them in the execution of their duties and exercise of the powers as Directors of the Company.

Disclosable interests

No Director is under contract of service with the Company and other than as disclosed in note 14, no contract existed during or at the end of the year in which any Director was materially interested and which was significant in relation to the Company's business.

Revenue and dividends

The statutory loss for the year amounted to £88,670,119 (2021: profit £67,870,686). An interim ordinary dividend of 1.00 pence per share was paid on 29 July 2022 (2021: 1.75 pence per share). The final dividend of 2.00 pence per share for the year ended 30 September 2022 is due to be paid on 10 February 2023 (2021: 3.15 pence per share).

Capital structure

The Company's capital structure is summarised in notes 1 and 11 to the financial statements.

Voting rights in the company's shares

Details of the voting rights in the Company's shares as at the date of the Annual Report are given in note 2 to the Notice of Annual General Meeting on page 95.

Substantial holdings in the company

As at 30 September 2022 and the date of this report, the Company was aware of the following shareholdings of 3% or more of the Company's issued ordinary share capital:

Shareholder	Number of ordinary shares as at 30 September 2022	% held	Number of ordinary shares as at 16 December 2022	% held
Hargreaves Landsdown (Nominees) Limited	12,961,020	4.86	13,291,118	4.27
UBS Private Banking Nominees Limited	9,148,443	3.43	10,574,903	3.40

Share buybacks and share price discount

During the year, the Company repurchased 4,307,731 ordinary shares (nominal value £43,077) at a cost of £3,243,492. The repurchased shares represent 1.89% of ordinary shares in issue on 1 October 2021. All repurchased shares were cancelled. As at 16 December 2022, a further 740,562 ordinary shares (nominal value £7,406) have been purchased since the year end at a total cost of £431,538.

The Directors believe that these share buybacks are in the best interests of all shareholders as they provide liquidity for shareholders looking to realise their investment whilst ensuring the shares are bought back at a discount to the NAV to the longer term benefit of remaining shareholders.

This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives.

Shares issued

During the year, the Company issued 41,641,905 ordinary shares of 1 pence (nominal value £416,419) in the offer for subscription launched in the year ending September 2021, representing 18.3% of the opening share capital at prices ranging from 79.93p to 99.55p per share. Gross funds of £39,995,000 were received. The 3.5% premium of £1,399,825 payable to Canaccord Genuity Wealth Ltd (CGWL) under the terms of the offer was reduced by £554,413, being the discount awarded to investors in the form of additional shares. A further reduction of £50 introductory commission was made resulting in fees payable to CGWL of £845,362 which were used to pay other costs associated with the prospectus and marketing. In accordance with the offer agreement, the Company was entitled to a rebate of £100,000 from CGWL reducing the net fees payable to CGWL to £745,362.

On 29 October 2021, 327,293 ordinary shares were allotted at a price of 94.09 pence per share, being the last published ex-dividend NAV per share as at 8 October 2021, to shareholders who elected to receive shares under the DRIS as an alternative to the special dividend for the year ended 30 September 2022.

On 10 February 2022, 624,916 ordinary shares were allotted at a price of 86.69 pence per share, being the last published ex-dividend NAV per share as at 21 January 2022, to shareholders who elected to receive shares under the DRIS as an alternative to the final dividend for the year ended 30 September 2021.

On 29 July 2022, 285,870 ordinary shares were allotted at a price of 65.65 pence per share, being the last published ex-dividend NAV per share as at 8 July 2022, to shareholders who elected to receive shares under the DRIS as an alternative to the interim dividend for the year ended 30 September 2022.

Financial instruments

The Company's financial instruments and principal risks are disclosed in note 15 to the accounts.

VCT status monitoring

The Company has appointed Philip Hare & Associates LLP as advisors on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT status through regular reports from Philip Hare & Associates LLP.

Auditors

A resolution proposing the reappointment of BDO LLP as auditors to the Company and authorising the Directors to determine their remuneration will be put at the forthcoming Annual General Meeting.

Greenhouse gas emissions

As a UK quoted company, the Company is required to report on its greenhouse gas emissions. The Company outsources all of its activities to third parties and does not have any physical assets, property, employees or operations. 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.

Amendments to the Articles of Association

The Company's Articles of Association may be amended by the members of the Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution).

At the Company's General Meeting on 7 October 2022, a resolution to adopt amended articles of association which provided that the next continuation vote in relation to the Company will be held in 2029 rather than 2027 was passed, with 97.6% votes in favour.

Post balance sheet events

Post balance sheet events are disclosed in note 17 to the financial statements on page 84.

Future developments

Consideration of the Company's future development and prospects are contained in the Chair's statement, long term Viability Statement and Investment Manager's report on pages 4 to 8, 19 and 24 to 27 respectively.

Going concern

The Company's business activities and the factors affecting its future development are set out in the Chair's statement on pages 4 to 8 and the Investment Manager's report on pages 24 to 27. The Company's principal and emerging risks are set out in the strategic report on pages 17 to 18.

The Board receives regular reports from the Investment Manager and Administrator and reviews the financial position, performance and liquidity of the Company's investment portfolio. Revenue forecasts and expense budgets are prepared at the start of each financial year and performance against plan is reviewed by the Board. Cash forecasts are prepared and reviewed by the Board as part of the HMRC investment test compliance monitoring.

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of 12 months from the date these financial statements were approved.

The Company has sufficient cash (£41.9 million at 30 September 2022) and liquid assets held across a diversified portfolio of investments in listed companies to meet obligations as they fall due. The Company is a close-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. The major driver of cash outflows (dividends, buybacks and investments) are managed in accordance with the Company's key policies at the discretion of the Board or, in the case of the Company's investments, the Investment Manager.

The Board has reviewed forecasts and stress tests to assist them with their going concern assessment. These tests have included the modelling of a 30% reduction in NAV, 50% increase in expenses and 100% decrease in income, whilst also considering ongoing compliance with the VCT investment test. It was concluded that in a plausible downside scenario the Company would continue to meet its liabilities.

The Directors have carefully considered the principal risk factors facing the Company, as described on pages 17 to 18 and their potential impact on income into the portfolio and the NAV. The Directors are of the opinion that the Company has sufficient cash and other liquid assets to continue to operate as a going concern, including under a stress scenario.

The Company has improved its operational resilience through the expansion of its Board from five to six non-executive directors. The Investment Manager has a team of four dedicated fund managers and analysts with multi-year experience working for the VCT. The Investment Manager and the Company's other key service providers have contingency plans in place to manage operational disruptions. Operations continued as normal during the Covid-19 pandemic and the Board are satisfied this will continue in future.

The Directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Therefore, they are satisfied that the Company should continue to operate as a going concern and report its financial statements on that basis.

Annual General Meeting

Shareholders are invited to attend the Company's Annual General Meeting (AGM) to be held at 10.30 am on 2 February 2023 at 88 Wood Street, London EC2V 7QR. The Company's Notice of AGM is set out on pages 92 to 93 of this annual report. Shareholders who are unable to attend the AGM in person are invited to vote by proxy ahead of the AGM and submit any questions in writing to the Company Secretary at HHV.CoSec@jtcgroup.com (please include 'HHV AGM' in the subject heading) by 5.00 p.m. on 26 January 2023). Answers will be published on the Company's website on 2 February 2023. The Chair will record the voting for each resolution by way of a poll to ensure each vote cast is counted.

A proxy form for the AGM is enclosed separately with shareholders' copies of this annual report. The proxy form permits shareholders to disclose votes 'for', 'against' and 'withheld'. A vote 'withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. Shareholders who wish to appoint a proxy are recommended to appoint the Chair of the AGM as their proxy.

Resolutions being proposed at the AGM

There are 15 resolutions being proposed at the forthcoming AGM, 13 as ordinary resolutions, including approval of the annual accounts (resolution 1), and 2 as special resolutions, requiring the majority of the votes cast and 75 per cent of the votes cast to be in favour of the resolutions, respectively, in order for the resolutions to carry. Ordinary resolutions include the re-election and election of the Directors. Further information is contained in the corporate governance statement on pages 46 to 50.

Resolution 12 – Authority to implement any scrip dividend offer

Ordinary resolution number 12 grants the Directors the necessary authority, in accordance with the terms of Article 29 of the Articles, to continue to offer a scrip dividend alternative in respect of future dividends made or paid in the period ending at the conclusion of the annual general meeting to be held in 2024. The Board believes that this continued authority offers the Company and its shareholders a greater level of flexibility in relation to dividend payments. The Appendix on pages 96 to 98 of this document sets out a summary of key terms and conditions of the Company's scrip dividend scheme. The full terms and conditions can be accessed via the Company's website at https://www.hargreaveaimvcts.co.uk and are available on request from the Company's registrar, Equiniti.

Resolution 13 – Power to allot shares

Ordinary resolution number 13 will request the authority for the directors to allot up to an aggregate nominal amount of £310,891 representing approximately 10 per cent. of the total share capital of the Company in issue (excluding treasury shares) as at the date of this document, generally from time to time or pursuant to shareholders' right to elect or participate in the dividend reinvestment scheme operated by the Company in accordance with Article 29 of the Company's Articles of Association. This authority is in addition to any existing authorities.

The authority sought at the forthcoming Annual General Meeting will expire 15 months from the date that this resolution is passed, or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Resolutions 14 and 15 are being proposed as special resolutions requiring the approval of at least 75 per cent. of the votes cast at the meeting.

Resolution 14 – Disapplication of pre-emption rights

Special resolution number 14 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority is limited to (i) an aggregate nominal amount of £155,445 (representing approximately 5.0 per cent. of the issued share capital of the Company (excluding treasury shares) as at the date of this document) pursuant to the dividend reinvestment scheme operated by the Company and (ii) for allotments generally from time to time, an aggregate nominal amount of £155,445 (representing approximately 5.0 per cent. of the issued share capital of the Company (excluding treasury shares) as at the date of this document). This authority is in addition to any existing authorities.

The authority sought at the forthcoming Annual General Meeting will expire 15 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Resolution 15 -Purchase of own shares

Special resolution number 15 will request the authority to purchase a maximum of 14.99 per cent. of the Company's issued ordinary share capital at the date of the passing of the resolution being approximately 46,602,701 as at the date of this document at or between the minimum and maximum prices specified in resolution 13. Shares bought back under this authority may be cancelled or held in treasury.

The Board believes that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from shareholders to do so. The passing of this resolution will replace and renew the buyback authority taken at the last AGM. During the financial year under review, the Company purchased 4,307,731 ordinary shares which were then cancelled.

The authority sought at the forthcoming Annual General Meeting will expire 15 months from the date this resolution is passed, or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Recommendation

The Directors believe that the passing of the resolutions above are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of these resolutions, as they intend to in respect of their own beneficial shareholdings amounting to 338,315 ordinary shares.

By order of the Board

David Brock
Chair

Registered office:
Hargreave Hale AIM VCT plc
Talisman House
Boardmans Way
Blackpool
FY4 5FY

16 December 2022

Directors' remuneration report
For the year ended 30 September 2022

The Board presents this report which has been prepared in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013. Shareholders are encouraged to vote on the remuneration report annually at the Annual General Meeting and on the remuneration policy at least every three years.

Your Company's independent auditor is required to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated in this report. The auditor's opinion is included in their report on pages 57 to 64.

Statement from the Chair of the Board in relation to Directors' remuneration matters

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

Following a review of the board remuneration levels of the Company's peers and taking into account inflation, the Board has decided to increase its remuneration, effective 1 October 2022.

Following the increases, the annual remuneration of the Chair will be £39,000, the independent non-executive directors will receive £30,500 and Oliver Bedford, who is not considered independent, will receive £28,000. An additional fee of £1,500 will continue to be paid to the Chair of the Management and Service Provider Engagement Committee and the Chair of the Audit Committee will continue to receive an additional fee of £3,000.

Remuneration responsibilities

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.

All Directors are considered independent with the exception of Oliver Bedford who is an employee of the Investment Manager and is not therefore independent.

The remuneration policy is set by the Board, which considers whether the remuneration policy is fair and in line with comparable VCTs, together with the remuneration of each of the Directors. The Board deals with all matters relating to the Directors' remuneration and reporting thereon.

Policy on Directors' remuneration

The Company has no employees, so the Board's policy is that the remuneration of its Directors should be fair and reasonable in relation to the time commitment and responsibilities of the Directors and in line with the remuneration paid by other listed Venture Capital Trusts and investment trusts. The Board aims to review Directors' remuneration from time to time.

Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum permitted by the Company's Articles of Association is £250,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options, other incentives or benefits. The Directors may be reimbursed for reasonable expenses incurred. The Directors do not receive payment on loss of office other than in lieu of notice period if applicable.

Directors' service contracts

It is the Board's policy that none of the Directors has a service contract. Each of the Directors has entered into an agreement with the Company when appointed. David Brock on 28 September 2010, Oliver Bedford on 13 December 2016, Angela Henderson on 29 October 2019, Justin Ward on 1 November 2020, and Busola Sodeinde and Megan McCracken on 1 June 2022. The terms of appointment provide that a director shall retire and be subject to re-election at the first Annual General Meeting after appointment. However, the Board agreed in July 2019 that all Directors will be subject to annual re-election. Either party can terminate the agreement by giving to the other at least 3 months' notice in writing.

Ashton Bradbury was appointed on 14 May 2018 and his resignation took effect on 3 February 2022.

Basis of remuneration

All of the Directors are non-executive and considered to be independent with the exception of Oliver Bedford, who is not independent. 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 the employees when determining the levels of the Directors' remuneration.

The following table shows the expected maximum payment that can be received per annum by each director for the year to 30 September 2023, 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 2023	Performance Conditions	Company Strategy	Remuneration Policy
David Brock	Chair	Basic Salary	£39,000	N/A	To generate capital gains and income from its portfolio and make distributions from capital or income to shareholders whilst maintaining its status as a Venture Capital Trust.	The levels of remuneration are considered to be fair and reasonable in relation to the time committed and responsibilities of the Directors and in line with the remuneration paid by other VCTs and investment trusts
Justin Ward	Director and Chair of Audit Committee		£33,500			
Angela Henderson	Director and Chair of Management and Service Provider Engagement Committee		£32,000			
Oliver Bedford	Director		£28,000			
Megan McCracken	Director		£30,500			
Busola Sodeinde	Director		£30,500			

Annual remuneration report

The purpose of this report is to demonstrate the method by which the Board has implemented the Company's remuneration policy and provide shareholders with specific information in respect of the Directors' remuneration.

Under s439 of The Companies Act 2006, companies are required to ask shareholders to approve the annual remuneration paid to directors every year and to formally approve the directors' remuneration policy every three years. However, the Board's preferred approach is to put the remuneration policy to shareholders annually for approval. Any change to the directors' remuneration policy will require shareholder approval. As in prior years, the vote on the Directors' remuneration report is an advisory vote, whilst the vote on the Directors' remuneration policy is binding.

Accordingly, ordinary resolutions will be put to shareholders at the forthcoming Annual General Meeting to be held on 2 February 2023, to receive and adopt the Directors' remuneration report and to receive and approve the directors' remuneration policy.

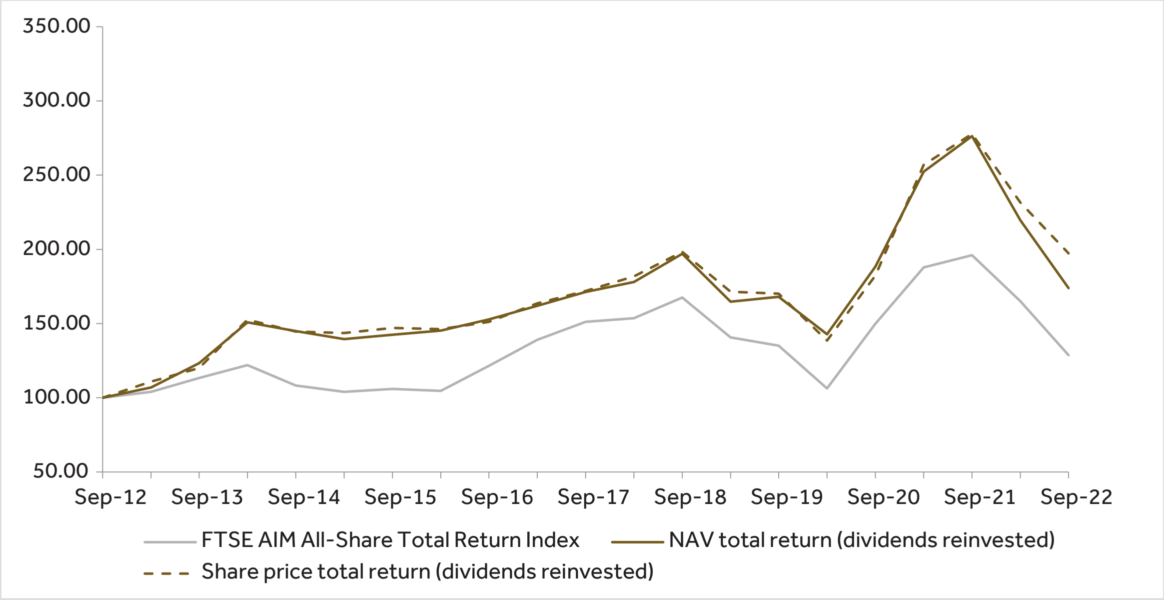
At the Annual General Meeting held on 3 February 2022 the following votes were cast on the remuneration report and the remuneration policy:

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Remuneration Report	15,631,839	95.20	788,782	4.80	16,420,621	276,977
Remuneration Policy	15,403,954	93.96	990,162	6.04	16,394,116	303,482

Your company's performance

The Company was incorporated on 16 August 2004 and commenced trading on 29 October 2004. The performance chart below plots the Company's NAV total return (dividends reinvested) (rebased to 100) and share price total return (dividends reinvested) (rebased to 100) over the last 10 years compared to the FTSE AIM All-Share Total Return Index over the same period (also calculated on a dividends reinvested basis). This index was chosen for comparison purposes as it represents the closest comparable equity market index. However, HMRC derived investment restrictions, along with Qualifying Investments in private companies and fixed income securities, and Non-Qualifying Investments in main market listed companies, predominantly in the FTSE 350, mean the index is not a wholly comparable benchmark for performance.

Performance against the FTSE AIM All-Share Total Return Index



Source: Bloomberg

Directors' emoluments for the year (audited)

The total emoluments of each person who served as a director during the year are set out in the table below. David Brock is entitled to a higher fee due to his role as Chair. Justin Ward is entitled to a higher fee due to his role as Chair of the Audit Committee and Angela Henderson is entitled to a higher fee due to her role as Chair of the Management and Service Provider Engagement Committee.

	2022 Fees £	2022 Taxable Expenses £	2022 Total £	2021 Fees £	2021 Taxable Expenses £	2021 Total £
David Brock (Chair)	36,500	–	36,500	34,250	–	34,250
Oliver Bedford	26,125	–	26,125	25,000	–	25,000
Ashton Bradbury(1)	9,633	558	10,191	26,875	–	26,875
Angela Henderson	30,125	–	30,125	28,000	–	28,000
Sir Aubrey Brocklebank	–	–	–	9,982	–	9,982
Justin Ward	31,625	40	31,665	26,703	–	26,703
Megan McCracken(2)	9,667	–	9,667	–	–	–
Busola Sodeinde(2)	9,667	–	9,667	–	–	–
Total	153,342	598	153,940	150,810	–	150,810

(1) Ashton Bradbury resigned as a Director effective 3 February 2022.

(2) Megan McCracken and Busola Sodeinde were appointed with effect from 1 June 2022 and their emoluments are with effect from that date.

Directors' annual percentage change in remuneration

The increase in Directors' remuneration over the last two years is set out in the table below. As the Company does not have any employees no comparisons are given for employees' remuneration increases.

	2022 Fees Total £	2021 Fees Total £	2020 Fees Total £	Annual % Change 2021-2022	Annual % Change 2020-2021
David Brock (Chair)	36,500	34,250	30,612	6.6	11.9
Oliver Bedford	26,125	25,000	25,000	4.5	Nil
Ashton Bradbury[(1)]	10,191	26,875	25,425	N/A	7.5
Angela Henderson	30,125	28,000	23,122	7.6	21.1
Sir Aubrey Brocklebank	–	9,982	29,388	N/A	N/A
Justin Ward[(2)]	31,665	26,703	–	18.4	N/A
Megan McCracken[(3)]	9,667	–	–	N/A	N/A
Busola Sodeinde[(3)]	9,667	–	–	N/A	N/A

(1) Ashton Bradbury resigned as a Director effective 3 February 2022.

(2) Megan McCracken and Busola Sodeinde were appointed with effect from 1 June 2022 and their emoluments are with effect from that date.

Relative importance of spend on pay (unaudited)

The table below compares Directors' remuneration to shareholder distributions (through dividend payments and share buybacks) in respect of the financial year ended 30 September 2022 and the preceding financial year:

	Year ended 30 September 2022 £	Year ended 30 September 2021 £	Growth %
Directors' remuneration[(1)]	153,342	150,810	1.7
Dividend paid	16,828,890	9,737,347	72.8
Share buybacks	3,243,492	6,043,569	-46.3

(1) The figures above exclude employer's national insurance contributions.

Within the financial year, the Company paid interim and final dividends totalling 4.15 pence per share. The Company also paid a special dividend of 2.50 pence per share on 29 October 2021, taking the total cash distributions in the year to 6.65 pence per share, a 51% increase on the prior year. Including share buybacks, the Company returned £16.9 million to shareholders during the period under review.

In light of the significant time contributed by the independent non-executive Directors during the year, particulary from those with additional responsibilities as Chair of the Board and its sub committees, the Board agreed to a modest increase in the Directors' remuneration for the year ending 30 September 2022.

Directors' interests (audited)

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.

	Ordinary Shares			
	30 September 2021	30 September 2022	Acquired after Year end	Total holding at 16 December 2022
David Brock	42,170	42,170	80,606	122,776
Oliver Bedford	58,335	84,488	40,303	124,791
Ashton Bradbury[(1)]	43,223	–	–	–
Angela Henderson	–	–	8,060	8,060
Justin Ward	15,786	25,223	57,465	82,688
Megan McCracken	–	–	–	–
Busola Sodeinde	–	–	–	–

(1) Ashton Bradbury resigned as a Director effective 4 February 2022.

Taxable benefits

The Directors who served during the year received no taxable benefits in the year.

Variable pay

The Directors who served during the year received no variable pay relating to the performance of the Company in the year.

Pension benefits

The Directors who served during the year received no pension benefits in the year.

Recruitment remuneration policy

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

Approval

The Directors' remuneration report on pages 41 to 45 was approved by the Board of Directors on 16 December 2022 and will be further subject to an advisory vote at the Annual General Meeting being held on the 2 February 2023 and every year thereafter.

Signed on behalf of the Board of Directors

David Brock
Chair

16 December 2022

Corporate governance
For the year ended 30 September 2022

Directors' statement of compliance with the UK corporate governance code and AIC code of corporate governance

Introduction

The Board recognises the importance of sound corporate governance and has chosen to comply with the Association of Investment Companies (AIC) Code of Corporate Governance (the AIC Code). This was last updated in February 2019. The Board believes that the Company has complied with the principles and provisions of the AIC Code in the period under review, with the exceptions of the items outlined below.

- The need for an internal audit function
- Appointment of a senior independent director
- Establishment of a separate nomination committee
- Establishment of a separate remuneration committee

For the reasons commented on in the relevant sections of this Corporate Governance Report, the Board considers these provisions are not relevant to the position of the Company and has therefore not reported in respect of these provisions.

Copies of the AIC Code can be found on the AIC's website: https://www.theaic.co.uk.

Board leadership and purpose

The Board considers that the Company's business model remains attractive because of the potential returns available from investing in small companies and the advantageous VCT tax structure. The management of the investment portfolio has been delegated to the Investment Manager and, through regular meetings with the Investment Manager, the Board seeks to ensure that the portfolio is managed in accordance with the agreed investment objectives and policy. The Company's investment objectives and policy are shown on pages 10 to 11 these were reviewed during the year and deemed appropriate for the Company's needs. The Board seeks to control risk by ensuring that appropriate policies and controls are in place and by reviewing the Company's risk matrix every six months and taking mitigating action where necessary. A summary of the principal and emerging risks facing the Company is detailed on pages 17 to 18.

The Board carries out an annual review of its own culture, practices and behaviour, the findings from which are considered by the Board and any actions required are monitored.

Shareholder relations and relations with key stakeholders

The Directors have a duty to promote the success of the Company for the benefit of its members and communication with shareholders is considered a high priority by the Board. The Board also has a responsibility to consider the interests of its other key stakeholders. Please see the section 172 statement on pages 15 to 16 for further information.

Management of conflicts of interest

In order to manage potential conflicts of interest the Board requires that any conflicts are declared at each meeting. A schedule of all the directorships held by Board members and director shareholdings in unquoted companies in which the Company has an interest is maintained by the Company Secretary and reviewed by the Board. Where a conflict arises the Board will consider what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Honest Brew Limited, of which David Brock was chairman and investor, and in which the Company had an investment, was placed into administration in June 2022. Prior to this, in order to manage any potential conflict, David Brock absented himself from Board decisions relating to that investment.

Director responsibilities

The Directors have adopted a formal Schedule of Matters Reserved for the Board which sets out the responsibilities of the Board, a copy of which is available on the Company's website. These matters include:

- approving strategic objectives and reviewing the Company's strategy and investment policy to ensure it is consistent with the objectives of the Company;
- monitoring the performance of the Investment Manager and other key service providers;
- changes to the Company's structure and capital, this includes capital raising and reductions, policy on share buybacks and the approval of any borrowing arrangements;
- approval of all financial statements and any significant changes in accounting practices or policies;
- ensuring the maintenance of a sound system of internal control and risk management;
- carrying out an annual review of the contracts in place with key service providers and approving any other materially strategic contracts;

- communication with shareholders;
- appointment and removal of the Company Secretary;
- determining the remuneration of the Chair and other directors subject to the Articles of Association and shareholder approval as appropriate; and
- responsibility for all corporate governance matters.

The Directors have delegated the responsibility for the day to day investment management decisions of the Company to the Investment Manager. The provision of administration and custodian services has been delegated to Canaccord Genuity Wealth Limited.

The following tables set out the number of Board meetings, valuation meetings, Audit Committee meetings and Management and Service Provider Engagement Committee meetings held during the year and the number of meetings attended by each individual Director:

	Ordinary Business Number of Board Meetings	
	Held	Attended
Oliver Bedford	5	5
David Brock (Chair)	5	5
Ashton Bradbury(1)	5	2
Angela Henderson	5	5
Justin Ward	5	5
Megan McCracken(2)	5	1
Busola Sodeinde(2)	5	1

	Approval of private company valuations Number of Board Meetings	
	Held	Attended
Oliver Bedford	4	4
David Brock (Chair)	4	4
Ashton Bradbury(1)	4	2
Angela Henderson	4	4
Justin Ward	4	4
Megan McCracken(2)	4	1
Busola Sodeinde(2)	4	1

	Number of Audit Meetings	
	Held	Attended
Ashton Bradbury(1)	3	1
Angela Henderson	3	3
Justin Ward (Chair)	3	3
Megan McCracken(2)	3	2
Busola Sodeinde(2)	3	2

	Number of Management and Service Provider Engagement Meetings	
	Held	Attended
David Brock	2	2
Ashton Bradbury(1)	2	1
Angela Henderson (Chair)	2	2
Justin Ward	2	2
Megan McCracken(2)	2	1
Busola Sodeinde(2)	2	1

(1) Ashton Bradbury resigned as a Director of the Company effective 3 February 2022.

(2) Megan McCracken and Busola Sodeinde were appointed as Directors effective 1 June 2022.

The Board meets more frequently when business needs require.

Board Committees

The Board has established Audit and Management and Service Provider Engagement Committees. The terms of reference for these committees are available on the Company's website.

Due to the size of the Company and the experience of its Board members, separate Remuneration and Nomination Committees have not been established. These roles are instead fulfilled by the Board as a whole. A statement from the Chair in relation to Directors' remuneration matters is included in the Directors' Remuneration Report on page 41.

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee are detailed in the report of the Audit Committee on pages 51 to 53. During the year, no fees were paid to the Company's auditors' for non-audit services (2021: nil).

Management and Service Provider Engagement Committee

Information regarding the composition, responsibilities and activities of the Management and Service Provider Engagement Committee are detailed on page 54.

Board and director independence

As at 30 September 2022, the Board consisted of six directors, all of whom are non-executive and all of whom are considered independent of the Investment Manager with the exception of Oliver Bedford, who is an employee of the Investment Manager. Honest Brew Limited, of which David Brock was chairman and investor, and in which the Company had an investment was placed into administration in June 2022. Prior to this David Brock absented himself from Board discussions and decisions relating to that investment. Megan McCracken and Busola Sodeinde were appointed to the Board effective 1 June 2022.

Brief biographical details for the Board are shown on page 36.

The Board considers that with the exception of Oliver Bedford, all of the directors remain independent. David Brock, Chair of the Company, has served on the Board for 12 years since his initial appointment. The Board does not have a policy of restricting the term served by director to a fixed time limit.

As part of the Board evaluation process a rigorous review was carried out on the Chair's independence, without him present. The Directors concluded that notwithstanding his tenure, David Brock is still considered to be independent given that he was independent upon his appointment, throughout his tenure there has been the absence of connections with the Investment Manager or any other of the Company's advisors, he does not have any involvement in the day to day running of the Company and his experience and the range of skills that he bring to the Board, including his constructive challenge and support is beneficial to the success of the Company. All new directors are required to disclose other roles prior to their appointment and the Board requires that all significant additional external appointments receive prior Board approval.

Board induction and training

On appointment to the Board, Directors are fully briefed as to their responsibilities and are kept regularly informed of industry and regulatory developments. There is no formal training schedule in place, Directors training needs are identified as part of the Board evaluation process and addressed on a case by case basis.

Board meetings

The Administrator and the Company Secretary ensure that the Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made.

The Board meets on a regular basis at least five times each year with additional meetings arranged as necessary. The Board continued to make effective use of technology to enable it to operate efficiently which included holding some meetings virtually and the use of electronic board packs.

The primary focus at these meetings is the review of the Company's investment performance, progress against key performance indicators and corporate governance.

Relationship with the Investment Manager

Both the Schedule of Matters Reserved for the Board and the investment management agreement with the Investment Manager clearly set out those areas of decision making over which the Investment Manager has discretion. The Board's responsibility is to review the Company's strategy and investment policy to ensure it is consistent with the objectives of the Company, and monitor the performance and investment approach of the Investment Manager.

The Directors have delegated responsibility for day to day investment management decisions to the Investment Manager and a review of the investment portfolio is carried out at each Board meeting. The report produced by the Investment Manager includes information on investment performance and fund positioning, benchmarking against both indices and peers, liquidity analysis, cash management and deal flow.

A formal review of the Investment Manager was carried out by the Management and Service Provider Engagement Committee in November 2022. The independent non-executive directors accepted the Committee's recommendation that the continuing appointment of the Investment Manager was in the best interests of the Company and its shareholders. Details of the contractual arrangements with the Investment Manager can be found on page 80.

Relationship with other service providers

The Company maintains a schedule of the contracts that it has in place with its service providers (administrator, company secretary, custodian, registrar etc.) and the service provided by each is monitored and reviewed by the Management and Service Provider Engagement Committee annually.

The Board has direct access to the Company Secretary, who is responsible for the timely delivery of relevant information and advising the Board on all governance matters. JTC (UK) Limited (JTC) was appointed as Company Secretary on 15 January 2021 and a formal agreement detailing the responsibilities of JTC to the Company is in place.

The Board also has access to independent professional advice from lawyers and tax advisors etc. This is obtainable at the Company's expense where the Directors consider it necessary in order to be able to properly discharge their responsibilities.

Board composition

Due to the size of the Board and independent nature of the majority of its members, the Board has not established a separate nomination committee and all nomination responsibilities are therefore carried out by the Board. These responsibilities include reviewing the size, structure and skills of the Board and considering any changes necessary or new appointments. Directors are required to seek approval from the Board prior to taking on any new significant external appointments. Also reflecting the size of the Board, it has not appointed a senior independent director.

All Directors are subject to annual re-election. The Board considers that due to their individual skills, experience and commitment David Brock, Angela Henderson, Justin Ward and Oliver Bedford each merit re-election as a Director. Megan McCracken and Busola Sodeinde, as newly appointed Directors, will be seeking election.

David Brock is a highly experienced company director with specific expertise directly relevant to investing in private companies.

Angela Henderson is a solicitor, bringing legal skills and a strong knowledge of governance within the asset management industry.

Oliver Bedford is the Lead Fund Manager to the Company, has strong technical knowledge covering the VCT regulations and is an effective liaison between the Company and the Investment Manager.

Justin Ward is a chartered accountant and has extensive experience in unquoted company investment.

Megan McCracken is an experienced director and brings cross sector knowledge from her executive career.

Busola Sodeinde is a chartered accountant with significant regulatory and governance experience.

The role of the Chair

The Chair leads the Board, and so is responsible for its effectiveness in directing the Company. By promoting a culture of openness and positive debate whilst demonstrating independent and objective judgement throughout his tenure the Chair sets the tone for the Company and enhancing the Board's performance. The Chair encourages all non-executive directors to make an effective contribution to the Board and acts to facilitate constructive Board relations. In conjunction with the Company Secretary, the Chair ensures that the directors receive accurate and clear information on a timely basis.

Board tenure

The Company has put in place a policy on the tenure of its Board members (the "Board Tenure Policy"). The Board Tenure Policy states that the term the Chair and other Directors serve on the Board should not be restricted to a fixed time limit.

The relevance of the individual length of service of the Chair and other directors will be determined on a case by case basis. In addition to the length of service, consideration will be given to the contribution and ongoing independence of the individuals and the overall composition of the Board, including the experience and range of skills of the Directors. By adopting a rounded approach, the Board believes it is best placed, through careful succession planning, to ensure that it has appropriate levels of experience and diversity whilst introducing new board members as needed.

David Brock, Chair of the Company since February 2020, joined the Board in 2010. David is still considered to be independent given the absence of connections with the Investment Manager, or any other of the Company's advisors and, as a highly experienced company chairman, is ideally suited to guide the Board at a time when it is enacting its succession plans.

In recent years the Board has successfully added new directors with complementary skills through the appointments of Angela Henderson in October 2019, Justin Ward in November 2020 and Megan McCracken and Busola Sodeinde in June 2022. The Company engaged executive search consultants, Myles Advisory and Women on Boards, to lead on the recruitment of Megan and Busola. Neither the Directors nor the Company are connected to Myles Advisory or Women on Boards. Summary biographies of all the Directors can be found on page 36.

Board succession

The Board's policy for succession planning is that there should be forward-looking and detailed succession and refreshment plans when proposing re-election of long-serving members. Any member of the Board who has served for nine years will be subject to a particularly rigorous review and evaluation process to determine whether they remain independent and should continue in their position. Each Board member is subject to annual re-election at each annual general meeting.

Board evaluation

The Directors recognise the importance of evaluating both the performance of the Board as a whole and that of the individual Directors.

The annual Board evaluation is carried out by means of a questionnaire which includes accountability and effectiveness, culture, a Directors' self-assessment and an appraisal of the Chair.

A Board evaluation covering the year under review was carried out and following this the Board is satisfied with the results and finds that the Board, the Chair and the Directors are suitably qualified to undertake their responsibilities and perform their duties in respect of managing the Company and that the Board culture remains strong.

During the year, the Board also considered whether it was appropriate to have an externally facilitated Board evaluation. Following due consideration and taking into account the satisfactory results of the Board evaluation, this was not deemed necessary.

Risk and internal control

The Directors acknowledge that they are responsible for the Company's systems of internal financial and non-financial controls. The controls are operating effectively and continue to be in place up to the date of this report. The key components of this process are as follows:

- Day to day measures have been delegated to the Investment Manager, Administrator and Custodian. Written agreements are in place which define the roles and responsibilities of these parties including the investment policy to be followed by the Investment Manager. The Board receives regular reports to provide it with assurance that appropriate oversight is in place. Additionally, the Board receives and reviews the annual internal control report published by its Registrar.
- On a quarterly basis, the Board reviews the Company's management accounts, KPIs and investment reports provided by the Administrator and Investment Manager.
- Annual and half-yearly reports and associated announcements are reviewed and approved by the Board prior to publication.
- A detailed risk matrix is maintained, this identifies each of the Company's principal and emerging risks, assesses the potential impact and describes the controls in place to mitigate those risks. A summary of the principal and emerging risks can be found in the strategic report on pages 17 to 18. The risk matrix is discussed regularly at board and audit committee meetings, thereby ensuring that the nature and extent of the risks facing the Company are being actively monitored.
- The Board reviews the Company's internal policies on an annual basis. The Board has also reviewed a summary of the range of risk management and internal controls it has in place to satisfy itself that the overall system of controls remains appropriate.

The Company does not have an internal audit function. All of the Company's management functions are performed by the Investment Manager, Canaccord Genuity Wealth Limited and JTC (UK) Limited, all of which have their own control systems in place. The Board receives regular reports to provide it with assurance that appropriate oversight is being applied and so has decided that it does not need its own internal audit function.

The Board considers that the control systems in place provide reasonable, but not absolute, assurance against material misstatement or loss, and manage rather than eliminate the risk of failure to achieve business objectives.

Remuneration

As the Company has no employees and the Board is wholly comprised of non-executive directors the Board has not established a separate remuneration committee and all remuneration responsibilities are therefore carried out by the Board. The Company's disclosure with regard to remuneration is included on pages 41 to 45.

Going concern

Under the AIC Code, the Board needs to consider whether it is appropriate to adopt the going concern basis of accounting in preparing these financial statements. The Board continues to adopt the going concern basis and the detailed consideration is contained on pages 38 to 39.

Viability Statement

The viability statement, under which the Directors assess the prospects of the Company over a longer period, is contained on page 19.

Additional disclosures in the Directors' Report

Additional disclosures required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended 2013) are contained in the Directors' Report on pages 37 to 40.

For and on behalf of the Board

JTC (UK) Limited
Company Secretary

16 December 2022

Report of the Audit Committee

Composition of the Audit Committee

The Audit Committee consisted of four independent non-executive directors at the year-end; Justin Ward (Chair), Angela Henderson, Megan McCracken and Busola Sodeinde.

The Board confirms that, in line with the recommendations of the AIC Code, at least one member of the Audit Committee has recent and relevant financial experience. Justin Ward and Busola Sodeinde are both chartered accountants. Angela Henderson and Megan McCracken also have relevant financial experience and the Board is confident that the Committee as a whole has competence relevant to the sector in which the Company operates. Oliver Bedford and David Brock are not members of the Audit Committee due to their roles as Lead Fund Manager and Chair of the Board, respectively.

Duties of the Audit Committee

The main responsibilities of the Audit Committee are as follows:

- To monitor the integrity of the Company's financial statements including the interim reports, preliminary announcements and related formal statements before submission to and approval by the Board, paying particular attention to:
    - critical accounting policies and practices and any changes in them;
    - the clarity of disclosures;
    - compliance with accounting standards; and
    - compliance with stock exchange and other legal requirements.
- To review the effectiveness of the Company's internal financial control and risk management systems.
- To consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor.
- To assess the independence and objectivity of the external auditors and the effectiveness of the external audit process. The external auditor is not engaged to supply any non-audit services.

Meetings

The Committee met three times during the year to consider the annual and half-year reports for the Company and review the audit plan. JTC (UK) Limited attends meetings as Secretary to the Committee and representatives of the Investment Manager as well as the Auditor are also invited to attend. The Committee's terms of reference were reviewed during the year and are available on the Company's website https://www.hargreaveaimvcts.co.uk and by request from the Company Secretary.

Activities during the year

A summary of the Audit Committee's principal activities and key considerations for the year to 30 September 2022 is provided below.

Financial statements

The interim and annual reports to shareholders and the accounting policies therein were thoroughly reviewed by the Committee prior to submission to the Board for approval.

The Committee carried out a going concern assessment, taking into account all reasonably available information about the future financial prospects of the Company as well as the possible outcomes of events and changes in conditions. Following this assessment, the Committee considered it was appropriate to adopt the going concern basis of accounting and reviewed the going concern statement to ensure any significant issues were described in a concise and understandable form.

The Committee also conducted a review of the viability statement and concluded that this was a fair representation of the Company's future prospects and that the period of the viability statement remained appropriate.

The Committee is of the view that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Investment Manager and the Company's independent auditor (the "Auditor") confirmed to the Committee that they were not aware of any material misstatements to the financial statements. Having reviewed the financial statements and the report produced by the Auditor, the Committee were satisfied that key areas of risks and judgement were appropriately addressed.

Risk and Internal Control

The Board has identified the key risks faced by the Company and these are set out in the principal and emerging risks and uncertainties section on pages 17 to 18. The Committee (or the Board as a whole) has received and reviewed periodic reports to provide it with assurance that appropriate oversight of controls is in place at its key third party providers and to highlight instances of non-compliance.

The Committee has sought and obtained assurance from the Investment Manager that policies are in place covering whistleblowing and to help prevent bribery, corruption and fraud. The Investment Manager has also confirmed that no instances of bribery, corruption and fraud have been detected that would have impacted the Company. The Committee has received a summary of the Investment Manager's approach to mitigating cyber security risks.

The Board maintains a schedule of anti-fraud controls that is reviewed by the Committee and they are satisfied that the Board have sufficient oversight and that adequate procedures are in place.

Key areas of risk

The key areas of risk identified by the Audit Committee in relation to the business activities and financial statements of the Company are as follows:

- compliance with HM Revenue and Customs legislation to maintain the Company's VCT status;
- valuation and existence of investments; and
- revenue recognition.

These issues were discussed with the Investment Manager during the year and with the Auditor, at the time the Audit Committee reviewed and agreed the Auditor's audit plan and when the Auditor presented its findings at the conclusion of its year-end audit. The Committee concluded:

- Venture Capital Trust Status. The Investment Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status had been complied with throughout the year. The Company's status is also reviewed by the Company's tax advisors Philip Hare & Associates LLP and further half-yearly reconciliations are carried out. These reports are reviewed by the Board as a whole, which is satisfied with the conclusions.
- Valuation and existence of investments. The valuation of investments is undertaken in accordance with the accounting policies in note 1 to the financial statements. The Investment Manager has confirmed to the Committee that the basis of valuation for unquoted investments was in accordance with industry guidelines. The Auditor confirmed to the Committee that they had reviewed the estimates and judgements made by the Investment Manager when valuing the unlisted companies and that the valuations proposed were acceptable. They further confirmed that there was no evidence of bias in the valuations of the investments based on the audit work performed. The Company's Custodian CGWL provides the Company with quarterly reports confirming that reconciliations to check the existence of the Company's investments have been carried out. Management accounts, including a full portfolio listing, are considered at quarterly board meetings.
- Revenue recognition. The recognition of dividend and interest income is undertaken in accordance with accounting policy note 1 to the financial statements. Management accounts showing income received by the Company, and its categorisation, are reviewed by the Board on a quarterly basis. The Committee also considered the Auditor's review of this area and concluded that there were no issues which needed to be addressed.

Relationship with the external auditor

The Committee is responsible for overseeing the relationship with the Auditor, assessing the effectiveness of the external audit process and making recommendations on the appointment and removal of the Auditor, including the level of audit fees and terms of engagement. The Committee meets with the Auditor as part of the audit process.

The Committee undertook a review of the Auditor's performance during the 2022 audit and concluded that the Auditor:

- provided a clear explanation of the audit plan, scope and strategy;
- met the agreed audit plan;
- was appropriately resourced with sound technical knowledge and demonstrated a clear understanding of the business;
- demonstrated a proactive approach to the planning process and engaged well with the Committee, Chair and other key individuals within the business;
- responded to the Committee's questions and handled key audit issues effectively;
- demonstrated that it had appropriate procedures and safeguards in place to maintain its independence and objectivity; and
- charged justifiable fees in respect of the scope of services provided.

The Committee concluded that it is satisfied with the standard of service received and that the re-appointment of the Auditor was in the best interest of the Company and its shareholders.

The Committee undertook a tender process in 2017 in line with mandatory audit tendering legislation. Rotation of the audit partner took place in 2018 in accordance with the FRC's Ethical Standard for Auditors, and a further partner rotation is required before September 2023.

Subject to the Committee continuing to be satisfied with the performance of the Auditor, the next statutory auditor rotation will take place in 2026, in line with legislative requirements for UK public entities.

Policy Reviews

During the year, the Audit Committee conducted a review of the Company's policies and provided recommendations to the Board regarding the continued appropriateness of these policies. Minor changes were made to the policies throughout the year. Each policy is reviewed at least annually and the Company Secretary maintains a record of when each policy is due for review by the Committee or the Board.

Compliance Control

The Committee receives a compliance control report on a quarterly basis, which details an operational update from the Administrator as well as confirmation that the Administrator, Custodian and Receiving Agent have carried out their relevant duties under the terms of their agreements. No compliance issues were reported during the year.

Approved on behalf of the Board of Directors

Justin Ward
Chair of the Audit Committee

Report of the Management and Service Provider Engagement Committee

Composition of the Management and Service Provider Engagement Committee

The Management and Service Provider Engagement Committee comprises all of the independent non-executive directors and is chaired by Angela Henderson. The Committee's terms of reference were reviewed during the year and are available on the Company's website https://www.hargreaveaimvcts.co.uk and by request from the Company Secretary.

Duties of the Management and Service Provider Engagement Committee

The duty of the Committee is to review the terms of appointment of, and the performance by, the Investment Manager, the Administrator and the other key service providers appointed by the Company and to decide whether it is in the best interests of shareholders for those appointments to continue. The Auditor is not included in this review as their appointment falls under the remit of the Audit Committee.

The key areas of focus for the Committee include:

- Monitoring and evaluating the performance of the Investment Manager.
- Reviewing at least annually the performance of the Investment Manager.
- Reviewing at least annually the terms of appointment of the Investment Manager including but not limited to the level of remuneration and the notice period of the Investment Manager.
- Reviewing the performance and remuneration of the other key service providers to the Company.

Meetings

The Committee met twice during the year to review the performance of the Investment Manager and other key service providers. JTC (UK) Limited attends meetings as Secretary to the Committee, but takes no part in discussions relating to its own performance. The Investment Manager is also invited to attend the meetings as appropriate, to provide its feedback on the Company's service providers.

Activities during the year

A summary of the Committee's principal activities and key considerations for the year to 30 September 2022 is provided below.

Review of the Investment Manager

The Committee reviewed the performance of the Investment Manager during the year. The Investment Manager was asked to provide a report detailing the Company's performance against its key performance indicators during this year and previous years, and the contents of this were considered by the Committee as part of its review. JTC was also invited to provide feedback on its experience of working with the Investment Manager. The views of the Committee and JTC, which were positive, were subsequently provided to the Investment Manager by the Chair of the Committee. The Committee is satisfied that its limited queries and concerns have been adequately addressed throughout the remainder of the year.

Following the Committee's recommendation, the Board concluded that the continuing appointment of the Investment Manager was in the best interests of shareholders and the Company.

Review of Key Service Providers

The Committee reviewed the contractual terms, fees and service levels from its other key service providers during the year. Each provider was asked to complete a questionnaire assessing its own performance and confirming it has complied with the legislation and statutory requirements related to its role.

The Investment Manager, Administrator and Company Secretary each provided feedback on their experience of working alongside the other service providers. This was generally positive, with some areas for improvement being identified and fed back to each provider as appropriate.

Following a detailed review of the feedback and information provided, the Committee concluded it is satisfied that the service providers currently engaged by the Company are competent to carry out their roles.

Approved on behalf of the Board of Directors

Angela Henderson
Chair of the Management and Service Provider Engagement Committee

Statement of directors' responsibilities In respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements and have elected to prepare the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' 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 provide 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. The Company's website address is https://hargreaveaimvcts.co.uk. 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' responsibility statement pursuant to DTR4

David Brock (Chair), Oliver Bedford, Angela Henderson, Justin Ward, Megan McCracken and Busola Sodeinde, the Directors confirm to the best of their knowledge that:

- 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 and loss of the Company; and
- 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.

Disclosure of information to the Auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have 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.

For and on behalf of the Board

David Brock
Chair

16 December 2022

Financial statements

Independent auditor's report to the members of Hargreave Hale AIM VCT PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss 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

We have audited the financial statements of Hargreave Hale AIM VCT PLC (the 'Company') for the year ended 30 September 2022 which comprise the income statement, the balance sheet, the statement of changes in equity, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors in January 2007 to audit the financial statements for the year ended 30 September 2007 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 16 years, covering the years 30 September 2007 to 30 September 2022. We remain 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. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the VCT compliance reports during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status.
- Considering the reasonableness of the inputs, judgements and assumptions underpinning the forecasts, in particular the forecast expenditure with reference to the average historical expenditure and the current cash position and cash required to meet forecast annual expenditure.
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, considering the discretionary nature of many of the Company's significant cash outflows.
- Calculating financial ratios to ascertain the financial health of the Company.
- Assessing the liquidity of the quoted portfolio.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		2022
	Valuation and ownership of quoted investments	✓
	Valuation of unquoted Investments	✓
	Revenue recognition	✓
Materiality	£1,200,000 based on 1% of adjusted net assets (2021: £1,990,000)	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of quoted investments (Note 1 and Note 7 to the financial statements)	We considered the valuation and ownership of quoted investments to be a significant audit area as quoted investments represent the most significant balance in the financial statements and underpin the principal activity of the entity. There is a risk that inappropriate pricing is used for quoted investment valuation and that the financial statements include investments not held by the Company.	We responded to this matter by testing the valuation and ownership of 100% of the portfolio of quoted investments. We performed the following procedures: • Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value. • Obtained direct confirmation from the custodian and agreed all investments held at the balance sheet date to CREST records. Key observations: Based on our procedures performed we are satisfied that the valuation or ownership of quoted investments was appropriate.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of unquoted investments (Note1 and Note 7 to the financial statements)	There is a high level of estimation uncertainty involved in determining the unquoted investment valuations. The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is responsible for valuing the unquoted investments for the financial statements, there is a potential risk of overstatement of investment valuations.	We tested a sample of the unquoted investment portfolio at year end by value of investment holdings. Our detailed testing for such investments comprised: • re-performing the calculation of the investment valuation • Assessing the appropriateness of the valuation methodology used • verifying and benchmarking key inputs in the valuation to independent information and our own research • obtaining the most recent audited accounts and most recent management accounts of the underlying investee company and considering the consistency of reported performance with the assumptions used in the valuations • where appropriate, performing sensitivity analysis on the valuation calculations where there was sufficient evidence to suggest reasonable alternative inputs might exist • challenging assumptions made in respect of the probability weighted average methodology applied to convertible loan note scenarios for example assessing the likelihood of early redemption, redemption at maturity, assumptions made in respect of sale and profit forecasts and recalculating the value of the convertible instrument. Key observations: • Based on the procedures performed we were satisfied that the estimates and judgements made in the valuation of the portfolio was acceptable.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition (Note 1 and Note 2 of the financial statements)	The income that arises from dividends and is a key factor in demonstrating the performance of the portfolio. There is a risk that the classification between revenue and capital is not appropriate given the judgement required, by management, in determining the allocation.	We performed the following procedures: • For dividends from quoted investments, we derived an independent expectation of income based on the investment holding and distributions from independent sources. We also cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as revenue or capital. • We analysed the whole population of dividend receipts to identify any characteristics that could indicate a capital distribution, for example where a dividend represents a particularly high yield. • We traced a sample of dividend income through from the nominal ledger to bank statements. Key observations: Based on our procedures performed we consider revenue recognition and the classification of income between revenue and capital to be appropriate.

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 as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company Financial statements	
	2022 £	2021 £
Materiality	£1,200,000	£1,990,000
Basis for determining materiality	1% of net assets adjusted to exclude funds raised during the year	

	Company Financial statements	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. The VCT's portfolio is mainly comprised of quoted investments, which are considered low risk. Since the portfolio is low risk where fair values are highly visible, we have applied a percentage of 1% of adjusted net asset value. An adjusted benchmark was used to exclude the effects of cash that has been recently raised from fundraising.	
Performance materiality	£900,000	£1,490,000
Basis for determining performance materiality	75% (2021: 75%) of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We determined that for those items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users of the financial statements as it is a measure of the Company's performance of income generated from its investments. As a result, we determined a lower testing threshold for those items impacting revenue return of £220,000 (2021: £230,000) based on 5% (2021:5%) of total gross expenditure.

Reporting threshold

We agreed with the Audit Committee that we would report to them all audit differences in excess of £24,000 (2021: £39,000), as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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 statement of directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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. We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (the SORP) issued in November 2014 and updated in February 2018 with consequential amendments and FRS 102.

Our procedures included, but were not limited to:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations ;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance;
- review of legal invoices and correspondence;
- obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- review of minutes of board meetings throughout the period for any indications of non-compliance with laws and regulation and instances of fraud.

We also assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be the valuation of investments, management override of internal controls and revenue recognition.

Our tests included, but were not limited to:

- The procedures set out in the Key Audit Matters section above;
- Obtained independent evidence to support the ownership of investments;
- Recalculated investment management fees in total;
- Obtained independent confirmation of bank balances; and
- Testing journals based on risk profile and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

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

Income statement

	Note	Year to 30 September 2022 Revenue £000	Capital £000	Total £000	Year to 30 September 2021 Revenue £000	Capital £000	Total £000
Net (loss)/gain on investments held at fair value through profit or loss	7	**–**	**(85,203)**	**(85,203)**	–	71,337	71,337
Income	2	**975**	**13**	**988**	894	141	1,035
		975	**(85,190)**	**(84,215)**	894	71,478	72,372
Management fee	3	**(835)**	**(2,505)**	**(3,340)**	(908)	(2,722)	(3,630)
Other expenses	4	**(1,093)**	**(22)**	**(1,115)**	(850)	(21)	(871)
		(1,928)	**(2,527)**	**(4,455)**	(1,758)	(2,743)	(4,501)
(Loss)/profit on ordinary activities before taxation		**(953)**	**(87,717)**	**(88,670)**	(864)	68,735	67,871
Taxation	5	**–**	**–**	**–**	–	–	–
(Loss)/profit after taxation		**(953)**	**(87,717)**	**(88,670)**	(864)	68,735	67,871
Basic and diluted (loss)/earnings per share	6	**(0.36)p**	**(33.06)p**	**(33.42)p**	(0.39)p	30.84p	30.45p

The total column of these statements is the income statement of the Company. All revenue and capital items in the above statements derive from continuing operations. There was no other comprehensive income other than the gain for the year.

The accompanying notes are an integral part of these financial statements.

Balance sheet

As at 30 September 2022

Company Registration Number 5206425 (In England and Wales)

	Note	2022 £000	2021 £000
Fixed assets			
Investments at fair value through profit or loss	7	**119,188**	202,800
Current assets			
Debtors	9	**408**	330
Cash and cash equivalents		**41,911**	27,016
		42,319	27,346
Creditors: amounts falling due within one year	10	**(1,000)**	(1,183)
Net current assets		**41,319**	26,163
Total assets less current liabilities		**160,507**	228,963
Capital and Reserves			
Called up share capital	11	**2,666**	2,280
Share premium		**93,660**	53,802
Capital redemption reserve		**201**	158
Capital reserve – unrealised		**23,935**	102,311
Special reserve		**63,931**	84,004
Capital reserve – realised		**(20,774)**	(11,433)
Revenue reserve		**(3,112)**	(2,159)
Total shareholders' funds		**160,507**	228,963
Net asset value per share (basic and diluted)	12	**60.19p**	100.39p

These financial statements were approved and authorised for issue by the Board of Directors on 16 December 2022 and signed on its behalf by

David Brock
Chair

16 December 2022

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

For the year ending 30 September 2022

				Non-distributable reserves			Distributable reserves [1]		
	Note	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Capital Reserve Unrealised £000	Special Reserve £000	Capital Reserve Realised £000	Revenue Reserve £000	Total £000
At 1 October 2021		**2,280**	**53,802**	**158**	**102,311**	**84,004**	**(11,433)**	**(2,159)**	**228,963**
Profit and total comprehensive income for the year									
Realised gains on investments	7	–	–	–	–	–	2,056	–	2,056
Unrealised (losses) on investments	7	–	–	–	(87,259)	–	–	–	(87,259)
Management fee charged to capital	3	–	–	–	–	–	(2,505)	–	(2,505)
Income allocated to capital	2	–	–	–	–	–	13	–	13
Due diligence investments costs	4	–	–	–	–	–	(22)	–	(22)
Revenue (loss) after taxation for the year		–	–	–	–	–	–	(953)	(953)
Total (loss) after taxation for the year					**(87,259)**		**(458)**	**(953)**	**(88,670)**
Contributions by and distributions to owners									
Subscription share issues	11	416	39,579						39,995
Issue costs	11		(746)						(746)
Share buybacks	11	(43)		43		(3,243)			(3,243)
DRIS share issues	11	13	1,025						1,038
Equity dividends paid	16					(16,830)			(16,830)
Total contributions by and distributions to owners		**386**	**39,858**	**43**		**(20,073)**			**20,214**
Other movements									
Diminution in value					8,883		(8,883)		–
Total other movements					**8,883**		**(8,883)**		
At 30 September 2022		**2,666**	**93,660**	**201**	**23,935**	**63,931**	**(20,774)**	**(3,112)**	**160,507**

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2022 were £40 million (2021: £70.4 million). The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 30 September 2022, none of the special reserve is subject to this restriction.

Statement of changes in equity

For the year ending 30 September 2021

	Note	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Capital Reserve Unrealised £000	Special Reserve £000	Capital Reserve Realised £000	Revenue Reserve £000	Total £000
				Non-distributable reserves			Distributable reserves [1]		
At 1 October 2020		**1,995**	**24,238**	**91**	**46,580**	**99,785**	**(24,437)**	**(1,295)**	**146,957**
Profit and total comprehensive income for the year									
Realised gains on investments	7	–	–	–	–	–	13,189	–	13,189
Unrealised gains on investments	7	–	–	–	58,148	–	–	–	58,148
Management fee charged to capital	3	–	–	–	–	–	(2,722)	–	(2,722)
Income allocated to capital	2	–	–	–	–	–	141	–	141
Due diligence investments costs	4	–	–	–	–	–	(21)	–	(21)
Revenue (loss) after taxation for the year		–	–	–	–	–	–	(864)	(864)
Total profit after taxation for the year		**–**	**–**	**–**	**58,148**	**–**	**10,587**	**(864)**	**67,871**
Contributions by and distributions to owners									
Subscription share issues	11	347	29,649	–	–	–	–	–	29,996
Issue costs	11	**–**	(531)	–	–	–	–	–	(531)
Share buybacks	11	**(67)**	–	67	–	(6,044)	–	–	(6,044)
DRIS share issues	11	5	446	–	–	–	–	–	451
Equity dividends paid	16	–	–	–	–	(9,737)	–	–	(9,737)
Total contributions by and distributions to owners		**285**	**29,564**	**67**	**–**	**(15,781)**	**–**	**–**	**14,135**
Other movements									
Diminution in value		–	–	–	(2,417)	–	2,417	–	–
Total other movements		–	–	–	(2,417)	–	2,417	–	–
At 30 September 2021		2,280	53,802	158	102,311	84,004	(11,433)	(2,159)	228,963

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2021 were £70.4 million (2020: £74.0 million). The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 30 September 2021, £24.2 million of the special reserve was subject to this restriction.

Statement of cash flows

	Note	2022 £000	2021 £000
Total (loss)/profit on ordinary activities before taxation		**(88,670)**	67,871
Realised (gains) on investments	7	**(2,056)**	(13,189)
Unrealised losses/(gains) on investments	7	**87,259**	(58,148)
(Increase) in debtors		**(78)**	(157)
(Decrease)/increase in creditors		**(183)**	365
Non-cash distributions	2	**(126)**	(140)
Net cash (outflow) from operating activities		**(3,854)**	(3,398)
Purchase of investments	7	**(29,460)**	(39,618)
Sale of investments	7	**27,995**	40,202
Net cash (used in)/provided by investing activities		**(1,465)**	584
Share buybacks	11	**(3,243)**	(6,044)
Issue of share capital	11	**39,995**	29,996
Issue costs	11	**(746)**	(531)
Dividends paid	16	**(15,792)**	(9,286)
Net cash provided by financing activities		**20,214**	14,135
Net increase in cash and cash equivalents		**14,895**	11,321
Opening cash and cash equivalents		**27,016**	15,695
Closing cash and cash equivalents		**41,911**	27,016

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

Hargreave Hale AIM VCT plc is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given in the company information on page 91 and the nature and principal business activities are set out in the strategic report.

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS 102) and with the Companies Act 2006 and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" July 2022 (SORP).

Going Concern

The financial statements have been prepared on a going concern basis and on the basis that the company maintains its VCT status.

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of 12 months from the date these financial statements were approved.

The Company has sufficient cash (£41.9 million at 30 September 2022) and liquid assets held across a diversified portfolio of investments in listed companies to meet obligations as they fall due. The Company is a close-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. The major driver of cash outflows (dividends, buybacks and investments) are managed in accordance with the Company's key policies at the discretion of the Board or, in the case of the Company's investments, the Investment Manager.

The Board has reviewed forecasts and stress tests to assist them with their going concern assessment. These tests have included the modelling of a 30% reduction in NAV, 50% increase in expenses and 100% decrease in income, whilst also considering ongoing compliance with the VCT investment test. It was concluded that in a plausible downside scenario the Company would continue to meet its liabilities.

The Directors have carefully considered the principal risk factors facing the Company, as described on pages 17 to 18 and their potential impact on income into the portfolio and the NAV. The Directors are of the opinion that the Company has sufficient cash and other liquid assets to continue to operate as a going concern, including under a stress scenario.

The Company has improved its operational resilience through the expansion of its Board from five to six non-executive directors. The Investment Manager has a team of four dedicated fund managers and analysts with multi-year experience working for the VCT. The Investment Manager and the Company's other key service providers have contingency plans in place to manage operational disruptions. Operations continued as normal during the Covid-19 pandemic and the Board are satisfied this will continue in future.

The Directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Therefore, they are satisfied that the Company should continue to operate as a going concern and report its financial statements on that basis.

Key judgements and estimates

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. Key judgements and estimates mainly relate to determination of the fair valuation of unquoted investments. The policies for these are set out in the notes to the financial statements.

The assessment of fair value will reflect the market conditions at the measurement date irrespective of which valuation technique is used. The IPEV guidelines describe a range of valuation techniques, as described in the "financial instruments" section on pages 75 to 76.

Further areas requiring judgement and estimation are recognising and classifying unusual or special dividends as either capital or revenue in nature. The estimates and underlying assumptions are under continuous review with particular attention paid to the carrying value of the investments.

1. Accounting policies

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

Financial instruments

All investments are classified as fair value through profit or loss. Investments are measured initially and subsequently at fair value which is deemed to be market bid prices for listed investments and investments traded on AIM. Unquoted investments are valued using the most appropriate methodology recommended by the International Private Equity Venture Capital (IPEV) guidelines published in December 2018.

Where no active market exists for the particular asset, the Company holds the investment at fair value as determined by the Investment Manager and approved by the Board. Valuations of unquoted investments are reviewed on a quarterly basis and more frequently if events occur that could have a material impact on the investment.

In estimating fair value for an unquoted investment, the Investment Manager will apply one or more valuation techniques according to the nature, facts and circumstances of the investment. The Investment Manager will use reasonable current market data and inputs combined with market participant assumptions. The assessment of fair value will reflect the market conditions at the measurement date irrespective of which valuation technique is used. The IPEV guidelines describe a range of valuation techniques, including but not limited to relevant observable market multiples, independent arms-length transactions, income, discounted cash flows and net assets. The fair value of convertible loan notes is estimated by aggregating the Net Present Value of the bond component and the derivative value of the option to convert into equity. The derivative value of the option to convert a particular loan note is the probable weighted average of the present value of each conversion scenario described in the loan note instrument as calculated using the Black Scholes option pricing model.

Investments are recognised and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Transaction costs are included in the initial cost or deducted from the disposal proceeds as appropriate.

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board.

Gains and losses arising from changes in fair value (realised and unrealised) are included in the net profit or loss for the period as a capital item in the income statement and are taken to the unrealised capital reserve or realised capital reserve as appropriate.

If an investment has been impaired such that there is no realistic expectation that there will be a full return from the investment, the loss is treated as a diminution in value and transferred to the capital reserve realised. The Company conducts impairments reviews on a quarterly basis. In the case of equity investments, impairment reviews are triggered when unrealised losses exceed 50% of book cost, or if the loss when realised would lead to a material reduction in the Company's distributable reserves. Fixed income investments are reviewed for impairment if the issuing company's ability to repay is uncertain unless there are reasonable grounds to believe that the loan could be recovered through the sale of the company or its trading assets.

Other financial assets and liabilities comprise receivables, payables and cash and cash equivalents which are measured at amortised cost. There are no financial liabilities other than payables.

Cash and cash equivalents

For the purposes of the Balance Sheet, cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments and money market funds that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable. Cash held at CGWL (see note 15) meets the definition of cash and cash equivalents as it is to meet short term liquidity requirements and is available on demand with no restrictions or penalties on withdrawal.

Income

Equity dividends are analysed to consider if they are revenue or capital in nature on a case by case basis and are taken into account on the ex-dividend date, net of any associated tax credit. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. All other income is recognised on an accruals basis. Other income is treated as a repayment of capital or revenue depending on the facts of each particular case.

Expenditure

All expenditure is accounted for on an accruals basis. Of investment management fees, 75% are allocated to the capital reserve realised and 25% to the revenue account in line with the Board's expected long term split of investment returns in the form of capital gains to the capital column of the income statement.

Due diligence costs incurred for prospective private company purchases are charged to capital in addition to the cost of investment. All other expenditure is charged to the revenue account.

Capital reserves

Realised profits and losses on the disposal of investments, due diligence costs, income that is capital in nature, losses realised on investments considered to be diminished in value and 75% of investment management fees are accounted for in the capital reserve realised.

Increases and decreases in the valuation of investments held at the year end are accounted for in the capital reserve unrealised.

Operating segments

There is considered to be one operating segment being investment in equity and debt securities.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not yet reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current tax is expected tax payable on the taxable profit for the period using the current tax rate and laws that have been enacted or substantially enacted at the reporting date. The tax effect of different items of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

Approved VCTs are exempt from tax on capital gains from the sale of fixed asset investments. The Directors intend that the Company will continue to conduct its affairs to maintain its VCT status, no deferred tax has been provided in respect of any capital gains or losses arising from the revaluation or disposal of investments.

Dividends

Only dividends recognised during the year are deducted from revenue or capital reserves. Equity dividends are recognised in the accounts when they become legally payable.

Interim dividends are approved by the Board of Directors and may be varied or rescinded at any time before payment, therefore the liability is only established when the dividend is actually paid. Final dividends are subject to approval at the AGM. When the dividend is declared it states that it is payable on a future date, so liability is established on that date.

Functional currency

The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board has determined that sterling is the Company's functional currency. Sterling is also the currency in which these accounts are presented.

Repurchase of shares to hold in treasury

The cost of repurchasing shares into treasury, including the related stamp duty and transaction costs is charged to the special reserve and dealt with in the statement of changes in equity. Share repurchase transactions are accounted for on a trade date basis. Where shares held in treasury are subsequently cancelled, the nominal value of those shares is transferred out of share capital and into capital redemption reserve.

Should shares held in treasury be reissued, the sale proceeds will be treated as a realised profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sale proceeds over the purchase price will be transferred to share premium.

Capital structure

Share Capital

Ordinary shares are classed as equity. The ordinary shares in issue have a nominal value of one penny and carry one vote each. Substantial holdings in the Company are disclosed in the directors' report on page 37.

Share Premium

This reserve represents the difference between the issue price of shares and the nominal value of shares at the date of issue, net of related issue costs.

Capital Redemption Reserve

This reserve is used for the cancellation of shares bought back under the buyback facility.

Special Reserve

Distributable reserve used to pay dividends and re-purchase shares under the buyback facility.

Capital Reserve Realised

Gains/losses on disposal of investments, due diligence costs, income that is capital in nature, diminishment of financial assets and 75% of the investment management fee are accounted for in the capital reserve realised.

Capital Reserve Unrealised

Unrealised gains and losses on investments held at the year end arising from movements in fair value are taken to the capital reserve unrealised.

Revenue Reserve

Net revenue profits and losses of the Company.

2. Income

	2022 £000	2021 £000
Income from investments:		
Revenue:		
Dividend income	744	686
Fixed income interest	184(1)	204(3)
Interest	47	4
	975	894
Capital:		
Return of capital	–	67(4)
In-specie dividend	13(2)	74(5)
	13	141
Total Income	988	1,035

(1) The Company's accrued fixed income from a convertible loan note in XP Factory (£54k) was converted into shares on 2 February 2022. This was triggered by a notice of redemption from XP Factory on 4 January 2022. The Company agreed to convert the notes at the principal amount plus accrued interest into equity in line with the terms of the agreement. The Company also converted tranche 1 of the Kidly 2025 convertible loan note at the principal plus accrued fixed income of £59k into equity in line with the terms of the agreement to meet HMRC investment requirements ahead of a follow-on investment into the Company in August 2022. Total loan stock interest due but not recognised in the year was £50.7k. This is due to Honest Brew Ltd being placed into administration in June 2022 and impairment of Osirium plc loan note.

(2) EKF Diagnostics plc distribution in specie of Verici shares (£13k).

(3) The Company's accrued fixed income from a convertible loan note in Oxford Genetics (£66.4k) was converted into shares. This was triggered by the sale of the company to WuXi App Tec.

(4) Return of capital from Melrose Industries plc funded from the sale of its Nortek Air Management Division to Madison Industries LLC.

(5) Dividend in specie shares in Trellus Health plc to facilitate the spin-out of the Company's shareholding to EKF Diagnostics Holdings plc shareholders. Trellus Health is a resilience-driven digital health solution for complex chronic conditions, into which EKF made a $5 million investment on the 20 August 2020.

3. Management fees

	2022 Revenue £000	2022 Capital £000	2022 Total £000	2021 Revenue £000	2021 Capital £000	2021 Total £000
Management fees	835	2,505	3,340	908	2,722	3,630

The investment management agreement terminates on 12 months' notice, subject to earlier termination in certain circumstances. In the event of termination by the Company on less than the agreed notice period, compensation may be payable to the Investment Manager in lieu of the unexpired notice period. No notice had been given by the Investment Manager or by the Board to terminate the agreement as at the date of approval of these accounts.

The Investment Manager receives an investment management fee of 1.7% per annum of the NAV of the Company, calculated and payable quarterly in arrears. At 30 September 2022, £687,373 (2021: £981,565) was owed in respect of management fees. The Company receives a reduction to the annual management fee for investments in other funds managed by the Investment Manager, being its investment in the Marlborough Special Situations Fund so the Company is not charged twice for these services. This amounted to £23,407 for the year to 30 September 2022 (2021: £28,403). The Investment Manager has agreed to indemnify the Company against annual running costs exceeding 3.5% of its net assets. No fees were waived between 1 October 2021 and 30 September 2022 and no fees were waived between 1 October 2020 and 30 September 2021 under the indemnity.

4. Other expenses

	2022 £000	2021 £000
Other revenue expenses:		
Administration fee	195	195
Directors' fees	157[1]	161
Legal & professional	34	27
London Stock Exchange fees	131	77
Registrar's fee	50	46
Printing, postage and stationary	43	41
Auditors' remuneration – for audit services	41	33
VCT monitoring fees	12	12
Company secretarial fees	72	47
Custody fee	30	30
Directors' and officers' liability insurance	39	24
Broker's fee	5	5
VAT	128	98
Other expenses[2]	112	54
Provision against loan stock interest receivable[3]	44	–
Total other revenue expenses	1,093	850
Other capital expenses:		
Due diligence costs	18	18
VAT on due diligence costs	4	3
Total other capital expenses	22	21
Total other expenses	1,115	871

(1) Ashton Bradbury retired as a director of the Company on 4 February 2022. With effect from 1 January 2022 the annual remuneration of the Chair increased to £37,000 and the independent non-executive directors to £29,000. Additional fees of £1,500 and £3,000 continued to be paid to the Chair of the Management and Service Provider Engagement Committee and the Chair of the Audit Committee respectively. Megan McCracken and Busola Sodeinde were appointed to the Board on 1 June 2022.

(2) Other expenses include FCA fees, AIC membership fees, VCT Association fees, recruitment costs, professional subscriptions, license and marketing costs and other nominal expenses.

(3) Provision against loan interest receivable of £44,145 (2021: nil), for loan stock interest regarded as collectable in previous years in relation to Honest Brew Ltd and Osirium plc.

Only directors are classified as key management personnel. The Directors' remuneration above includes national insurance contributions. Directors' remuneration excluding employer's national insurance contributions is detailed in the directors' remuneration report on page 43.

The maximum aggregate directors' emoluments authorised by the Articles of Association are detailed in the directors' remuneration report on page 41.

5. Tax on ordinary activities

The tax charge for the year is based on the standard rate of UK Corporation Tax of 19%.

	2021 Total £000	2021 Total £000
(Loss)/profit on ordinary activities before taxation	(88,670)	67,871
UK Corporation Tax: 19%	(16,847)	12,895
Effect of non taxable losses/(profits) on investments	16,189	(13,554)
Effect of non taxable UK dividend income	(144)	(157)
Effect of current year losses carried forward	802	816
Current tax charge	–	–

At the 30 September 2022 the Company had tax losses carried forward of £21,921,076 (2021: £17,703,112). It is unlikely that the Company will generate enough taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

There is no taxation charge in relation to capital gains or losses. No asset or liability has been recognised in relation to capital gains or losses on revaluing investments. The Company is exempt from such tax as a result of its intention to maintain its status as a Venture Capital Trust.

6. Basic and diluted (loss)/earnings per share

	2022 Revenue £000	2022 Capital £000	2022 Total £000	2021 Revenue £000	2021 Capital £000	2021 Total £000
Return (£)	(953)	(87,717)	(88,670)	(864)	68,735	67,871
(Loss)/earnings per ordinary share	(0.36)p	(33.06)p	(33.42)p	(0.39)p	30.84p	30.45p

The earnings per share is based on 265,292,558 ordinary shares (2021: 222,903,748), being the weighted average number of shares in issue during the year.

7. Investments

	Quoted investments 2022 £000	Unquoted Investments[1] 2022 £000	Total investments 2022 £000	Total investments 2021 £000
Opening Valuation	163,928	38,872	202,800	131,907
Re- Classification Adjustment	5,901[2]	(5,901)[2]	–	–
Purchases at cost	20,826	8,634	29,460	39,618
Non-cash distribution	67[3]	59[4]	126	140
Sale proceeds	(21,492)	(6,503)	(27,995)	(40,202)
Realised gains/(losses)	3,975	(1,919)	2,056[5]	13,189
Unrealised losses	(67,884)	(19,375)	(87,259)[5]	58,148
Closing valuation	105,321	13,867	119,118	202,800
Cost at 30 September 2022	96,348	22,351	118,699	115,051
Unrealised gains at 30 September 2022	25,222	(1,287)	23,935	102,311
Diminution in value at 30 September 2022 [6]	(16,249)	(7,197)	(23,446)	(14,562)
Valuation at 30 September 2022	105,321	13,867	119,188	202,800

(1) Includes the Marlborough Special Situations Fund – valuation £3.3m as at 30 September 2022.

(2) Includes Mexican Grill (£4.5m) listed on the London Stock Exchange on 8 October 2021 and conversion of the XP Factory loan note (£1.4m) into listed equity shares on 2 February 2022.

(3) The Company elected to convert accrued fixed income from a convertible loan note in XP Factory into shares (£54k) and EKF Diagnostics plc distribution in specie of Verici shares (£13k).

(4) The Company elected to convert accrued fixed income from a convertible loan note in Kidly into shares (£59k).

(5) The net loss on investments held at fair value through profit or loss in the income statement of -£85,203 is the sum of the realised gains and unrealised losses for the year as detailed in the table above.

(6) Diminishments of £14,857,518 were made in the year. Once adjusted for disposals (£4,646,074) and diminishment reversals (£1,328,333), the net movement for the year is £8,883,111. Diminishments carried forward are £23,445,576.

Transaction Costs

During the year the Company incurred transaction costs of £40,809 (2021: £27,912) and £15,989 (2021: £30,183) on purchases and sales respectively. These amounts are included in the gain on investments as disclosed in the income statement.

Fair Value Measurement Hierarchy

The table below sets out fair value measurements using FRS102 (appendix to section 2 fair value measurement) fair value hierarchy. The Company has one class of assets, being at fair value through profit or loss.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

	2022 Level 1 £'000	2022 Level 2 £'000	2022 Level 3 £'000	2022 Total £'000	2021 Level 1 £'000	2021 Level 2 £'000	2021 Level 3 £'000	2021 Total £'000
Investments	104,999	3,561	10,558	119,188	167,629	–	35,171	202,800

Level 3 financial assets

	2022 Equity shares £'000	2022 Preference Shares £'000	2022 Loan notes £'000	2022 Total £'000	2021 Equity shares £'000	2021 Preference Shares £'000	2021 Loan notes £'000	2021 Total £'000
Opening balance	19,956	9,380	5,835	35,171	15,223	6,925	5,334	27,482
Re- Classification Adjustment	(457)	(3,013)	(2,431)	(5,901)[1]	1,473	–	(1,473)	–
Purchases at cost	–	–	300	300	1,749	1,000	300	3,049
Non-cash distribution	–	59	–	59[2]	66	–	–	66
Sale proceeds	(590)	–	–	(590)	(8,891)	–	–	(8,891)
Realised (losses)/gains	(1,159)	–	–	(1,159)	5,639	–	–	5,639
Unrealised losses	(13,010)	(2,565)	(1,747)	(17,322)	4,697	1,455	1,674	7,826
Closing valuation	4,740	3,861	1,957	10,558	19,956	9,380	5,835	35,171

(1) Includes Mexican Grill (£4.5m) listed on the London Stock Exchange on 8 October 2021 and conversion of the XP Factory loan note (£1.4m) into listed equity shares on 2 February 2022.

(2) The Company elected to convert accrued fixed income from a convertible loan note in Kindly into shares (£59k).

Level 3 Unquoted Investment disposals

The following table provides details on unquoted investment disposals in the period.

Company	Cost £'000	Total realised loss	Disposal proceeds £'000	Valuation as at 30 September 2021 £'000	Realised loss in year £'000
Out in Collectives Ltd	1,749	(1,159)	590	871	(281)

The following table sets out the basis of valuation for the material Level 3 investments and those where the value has materially changed during the year, held within the portfolio at 30 September 2022.

Level 3 Unquoted Investments	
SCA Investments Ltd (Gousto)	Trading become more challenging as the year progressed as consumers increased spending on dining out, travel and leisure. More recently, the decline in UK consumer confidence and real wages has weighed on demand from new and existing customers. The fair value of the investment was decreased following forecast revisions for the current year and FY23 and a significant decline in the valuations within the peer group. EV/Sales and EV/EBITDA peer group ratios and DCF analysis were used to support the valuation.
Kidly Ltd	In common with other online retailers and consistent with ONS reports of a more demanding retail environment, Kidly has reported that trading has become more challenging. The fair value of the equity investment decreased following forecast revisions for the current year and beyond and a significant decline in the valuations within the peer group. The fair value of the convertible loan note investment decreased, reflecting the lower equity valuation. EV/Sales peer group ratios were used to support the valuation. The conversion option is valued using the Black-Scholes option pricing model.
Infinity Reliance Ltd (My 1st Years)	The company has continued to recover from the 2021 warehouse fire and reports good growth in revenues. Trading has been positive despite the difficult consumer backdrop. Modest revenue downgrades to the current year and a significant decline in the valuations within the peer group led to a reduction in the fair value of the investment. EV/Sales peer group ratios were used to support the valuation.
Zappar Ltd	Trading was in line with budget for the 6 months to 30 September 2022. More recently, the company has reported reduced visibility over the remainder of the current financial year as sales cycles extend. The fair value of the investment decreased following minor forecast revisions for the current year and a significant decline in the valuations within the peer group. EV/Sales peer group ratios were used to support the valuation.
Osirium Technologies plc – convertible loan note	The company, which continues to win new business and grow its order book in line with expectations, re-iterated that it will require further funding in 2022. The fair value of the convertible loan note decreased, reflecting the lower price of the company's listed shares and the need for further funding in the short-term. The conversion option is valued using the Black-Scholes option pricing model.
Honest Brew Limited	Honest Brew Limited went into administration in June 2022 and is valued at nil pending liquidation.

8. Significant interests

At the year end the Company held 3% or more of the issued share capital of the following investments:

Investment	Holding %
Bidstack Group plc	10.64%
PCI-PAL plc	10.41%
Equipmake Holdings plc	9.54%
Bivictrix Therapeutics Plc	9.08%
Crossword Cybersecurity plc	8.50%
Escape Hunt plc	8.34%
Crimson Tide Plc	6.39%
OneMedia iP Group plc	7.33%
Tortilla Mexican Grill Plc	7.17%
Eden Research plc	5.94%

Investment	Holding %
Zoo Digital Group plc	5.28%
Surface Transforms plc	5.07%
Skillcast Group plc	4.74%
C4X Discovery Holdings plc	4.23%
Verici DX plc	4.18%
Strip Tinning Holdings PLC	3.76%
Intelligent Ultrasound Group plc	3.49%
Blackbird plc	3.35%
Polarean Imaging plc	3.34%
Eagle Eye Solutions Group plc	3.28%

9. Debtors

	2022 £000	2021 £000
Prepayments and accrued income	408	330

10. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade Creditors	8	–
Accruals and deferred income	992	1,183
	1,000	1,183

11. Called up share capital

	2022 £000	2021 £000
Allotted, called-up and fully paid: 266,652,209		
(2021: 228,279,956) ordinary shares of 1p each.	2,666	2,280

During the year 4,307,731 (2021: 6,661,974) ordinary shares were purchased through the buyback facility at a cost of £3,243,492 (2021: £6,043,569). The repurchased shares represent 1.9% (2021: 3.3%) of ordinary shares in issue on 1 October 2021. The acquired shares have been cancelled.

During the year, the Company issued 41,641,905 ordinary shares of 1 pence (nominal value £416,419) in an offer for subscription, representing 18.3% of the opening share capital at prices ranging from 79.93p to 99.55p per share. Gross funds of £39,995,000 were received. The 3.5% premium of £1,399,825 payable to Canaccord Genuity Wealth Ltd (CGWL) under the terms of the offer was reduced by £554,413, being the discount awarded to investors in the form of additional shares. A further reduction of £50 introductory commission was made resulting in fees payable to CGWL of £845,362 which were then used to pay other costs associated with the prospectus and marketing. In accordance with the offer agreement, the Company was entitled to a rebate of £100,000 from CGWL reducing the net fees payable to CGWL to £745,362.

On 29 October 2021, 327,293 ordinary shares were allotted at a price of 94.09 pence per share, being the last published ex-dividend NAV per share as at 8 October 2021, to shareholders who elected to receive shares under the DRIS as an alternative to the special dividend for the year ended 30 September 2022.

On 10 February 2022, 624,916 ordinary shares were allotted at a price of 86.69 pence per share, being the last published ex-dividend NAV per share as at 21 January 2022, to shareholders who elected to receive shares under the DRIS as an alternative to the final dividend for the year ended 30 September 2021.

On 29 July 2022, 285,870 ordinary shares were allotted at a price of 65.65 pence per share, being the last published ex-dividend NAV per share as at 8 July 2022, to shareholders who elected to receive shares under the DRIS as an alternative to the interim dividend for the year ended 30 September 2022.

Further details of the Company's capital structure can be seen in note 1.

Income entitlement

The revenue earnings of the Company are available for distribution to holders of ordinary shares by way of interim, final and special dividends (if any) as may from time to time be declared by the Directors.

Capital entitlement

The capital reserve realised and special reserve of the Company are available for distribution to holders of ordinary shares by way of interim, final and special dividends (if any) as may from time to time be declared by the Directors.

Voting entitlement

Each ordinary shareholder is entitled to one vote on a show of hands and on a poll to one vote for each ordinary share held. Notices of meetings and proxy forms set out the deadlines for valid exercise of voting rights and other than with regard to directors not being permitted to vote on matters upon which they have an interest, there are no restrictions on the voting rights of ordinary shareholders.

Transfers

There are no restrictions on transfers except dealings by directors, persons discharging managerial responsibilities and their persons closely associated which may constitute insider dealing or is prohibited by the rules of the FCA.

The Company is not aware of any agreements with or between shareholders which restrict the transfer of ordinary shares, or which would take effect or alter or terminate in the event of a change of control of the Company.

12. Net asset value per ordinary share

	30 September 2022	30 September 2021
Net assets (£'000)	160,507	228,963
Shares in issue	266,652,209	228,079,956
NAV per share (p)	60.19	100.39

There are no potentially dilutive capital instruments in issue and as such, the basic and diluted NAV per share are identical.

13. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year end (2021: nil).

14. Related party transactions and conflicts of interest

The remuneration of the directors, who are key management personnel of the Company, is disclosed in the Directors' remuneration report on page 43 and in note 4 on page 74.

David Brock was a non-controlling shareholder in and the non-executive Chair of Honest Brew Limited, which was an investee company. During the period David Brock and close family made further investments in Honest Brew Ltd, collectively remaining non-controlling shareholders, on the same commercial terms as independent third party investors. The Company did not make any further investments into Honest Brew Limited in the financial year ending 30 September 2022. The Board, excluding David Brock, reviewed potential conflicts of interest in relation to this matter in accordance with control measures previously established to mitigate any conflicts that may arise. In June 2022, Honest Brew Limited was placed into administration in order to complete a sale of its assets.

Transactions with the Investment Manager

As the Company's Investment Manager, Canaccord Genuity Asset Management Ltd is a related party to the Company for the purposes of the Listing Rules. As the Investment Manager and Canaccord Genuity Wealth Limited (CGWL) are part of the same CGWL group, CGWL also falls into the definition of related party.

Oliver Bedford, a non-executive director of the Company is also an employee of the Investment Manager which received fees of £26,125 for the year ended 30 September 2022 in respect of his position on the Board (2021: £25,000). Of these fees £6,625 was still owed at the year end. As announced on 2 September 2022, Oliver Bedford's non-executive directorship fees will increase to £28,000 per annum, with effect from 1 October 2022.

CGWL act as administrator and custodian to the Company and provided company secretarial services until 15 January 2021 when they stepped down and JTC (UK) Ltd were appointed.

CGWL received fees for the support functions as follows:

	30 September 2022	30 September 2021
Custody	30,000	30,000
Administration	195,000	195,000
Company secretarial	–	4,902
Total	225,000	229,902
Still owed at the year end	55,240	55,745

Under an offer agreement dated 2 September 2021, CGWL were appointed by the Company to administer the Offer for Subscription and acted as receiving agent in relation to the offer. Under the terms of the agreement CGWL received a fee of 3.5 per cent. of the gross proceeds of the offer for providing these services. The Administrator agreed to discharge commissions payable to Financial Advisers in respect of accepted applications for Offer Shares submitted by them, including any trail commission.

The Administrator also agreed to discharge and/or reimburse all costs and expenses of and incidental to the Offer and the preparation of the Prospectus, including without limitation to the generality of the foregoing, FCA vetting fees in relation to the Prospectus, sponsor and legal fees, expenses of the Company and CGWL, the Company's tax adviser's fees and expenses, registrar's fees, costs of printing, postage, advertising, publishing and circulating the Prospectus and marketing the Offer, including any introductory commission and discounts to Investors. However, the Administrator was not responsible for the payment of listing fees associated with the admission of the Ordinary Shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

During the year, the Company issued 41,641,905 ordinary shares of 1 penny (nominal value £416,419) in an offer for subscription, representing 18.3% of the opening share capital at prices ranging from 79.93p to 99.55p per share. Gross funds of £39,995,000 were received. The 3.5% premium of £1,399,825 payable to Canaccord Genuity Wealth Ltd (CGWL) under the terms of the offer was reduced by £554,413, being the discount awarded to investors in the form of additional shares. A further reduction of £50 introductory commission was made resulting in fees payable to CGWL of £845,362 which were then used to pay other costs associated with the prospectus and marketing. In accordance with the offer agreement, the Company was entitled to a rebate of £100,000 from CGWL reducing the net fees payable to CGWL to £745,362.

Under an offer agreement dated 5 September 2022, CGWL were appointed by the Company to administer a new Offer for Subscription and act as receiving agent in relation to the offer. Under the terms of the agreement CGWL will receive a fee of 3.5 per cent. of the gross proceeds of the offer for providing these services. The Administrator has agreed to discharge commissions payable to Financial Advisers in respect of accepted applications for Offer Shares submitted by them, including any trail commission.

The Administrator has also agreed to discharge and/or reimburse all costs and expenses of and incidental to the Offer and the preparation of the Prospectus, including without limitation to the generality of the foregoing, FCA vetting fees in relation to the Prospectus, sponsor and legal fees, expenses of the Company and CGWL, the Company's tax adviser's fees and expenses, registrar's fees, costs of printing, postage, advertising, publishing and circulating the Prospectus and marketing the Offer, including any introductory commission and discounts to Investors. However, the Administrator will not be responsible for the payment of listing fees associated with the admission of the Ordinary Shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

If following the final admission under the Offer, the aggregate fee that has been paid to CGWL exceeds the costs and expenses referred to above by more than £25,000, then CGWL will rebate any surplus to the Company subject to a maximum rebate of £100,000. In addition (i) where gross proceeds of between £45 million and £50 million are raised under the Offer, the value of the cap applicable to the rebate will increase by £50,000 (resulting in an aggregate cap at this level of £150,000) and (ii) where gross proceeds of £50 million or more are raised under the Offer, the value of the cap applicable to the rebate will increase by £100,000 (resulting in an aggregate cap at this level of £200,000).

Canaccord Genuity Asset Management Ltd is appointed as Investment Manager to the Company and receives an investment management fee of 1.7% per annum.

Investment management fees for the year are £3,340,182 (2021: £3,629,685) as detailed in note 3. Of these fees £687,373 was still owed at the year end. As the Investment Manager to the Company and the investment advisor to the Marlborough Special Situations Fund (in which the Company may invest), the Investment Manager makes an adjustment as necessary to its investment management fee to ensure the Company is not charged twice for their services.

Upon completion of an investment, the Investment Manager is permitted under the investment management agreement to charge private investee companies a fee equal to 1.5 per cent. of the investment amount. This fee is subject to a cap of £40,000 per investment and is payable directly from the investee company to the Investment Manager. The Investment Manager may recover external due diligence and transaction services costs directly from private investee companies. No fees were charged to investee companies in the year under this agreement.

Total commission of £30,612 was paid to CGWL in the year for broker services.

The Investment Manager has agreed to indemnify the Company and keep indemnified the Company in respect of the amount by which the annual running costs of the Company exceed 3.5 per cent. of the net assets of the Company, such costs shall exclude any VAT payable thereon and any payments to financial intermediaries, the payment of which is the responsibility of the Company. No fees were waived by the Investment Manager in the financial year under the indemnity.

The Company also held £16,786,442 in the client account held at CGWL at 30 September 2022 (2021: £10,751,715).

15. Financial instruments

Risk management policies and procedures

The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to shareholders whilst maintaining its status as a Venture Capital Trust.

The Company intends to achieve its investment objectives by making Qualifying Investments in companies listed on AIM, private companies and companies listed on the AQSE Growth Market, as well as Non-Qualifying Investments as allowed by the VCT Rules.

At least 80% of the Company's funds have been invested in qualifying holdings during the year under the HMRC investment test definition. The balance of the Company's funds were invested in liquid assets (such as non-qualifying equities, fixed income securities and bank deposits). The Company is managed as a VCT in order that shareholders in the Company may benefit from the tax relief available.

This strategy exposes the Company to certain risks, which are summarised below.

The structure in place to manage these risks is set out in the corporate governance report on pages 46 to 50 of the annual report and accounts.

A detailed review of the investment portfolio is contained in the chairman's statement and Investment Manager's report on pages 4 to 8 and 24 to 27 respectively.

Classification of financial instruments

The investments at year end comprise two types of financial instruments. The basis of valuation is set out below:

- Equities – fair value through the profit and loss account.
- Fixed income securities – fair value through the profit and loss account

Other financial assets comprise cash at bank of £41,911,058 (2021: £27,016,389), accrued income and debtors of £370,624 (2021: £291,328), which is classified as 'loans and receivables measured at amortised cost'. Financial liabilities consist of trade creditors and accruals of £1,000,255 (2021: £1,183,421) which are classified as 'financial liabilities measured at amortised cost'.

Market risk

Market price risk arises from any fluctuations in the value of investments held by the Company. Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. In particular, other than bank deposits, no individual investment shall exceed 10 per cent. of the Company's net assets at the time of investment. However, many of the investments are in small companies traded on the AIM market which by virtue of their size carry more risk than investments in larger companies listed on the main market of the London Stock Exchange.

Market risk is monitored by the Board on a quarterly basis and on an ongoing basis, through the Investment Manager.

The following table summarises exposure to price risk by asset class at year end date:

	Change in Fair Value of Investments			
Asset class	30% market increase 2022 £'000	30% market decrease 2022 £'000	Aggregate value 2022 £'000	Aggregate value 2021 £'000
AIM Qualifying Investments[(1)]	+19,281	-19,208	93,680	141,041
Unquoted Qualifying Investments[(2)]	+1,783	-2,693	9,802	32,331
Quoted Non-Qualifying Investments	+3,470	-3,470	12,397	25,284
Unquoted Non-Qualifying Investments	–	–	–	443
Authorised unit trust	+595	-595	3,309	3,701
	+25,129	-25,966	119,188	202,800

(1) Includes variances in the value of CLN issued by Osirium plc.

(2) Including variances in the value of CLNs issued by Kidly Ltd.

If market prices had been 30% higher or lower while all other variables remained unchanged the return attributable to ordinary shareholders for the year ended 30 September 2022 would have increased by £25,128,703 (2021: £49,082,130[(1)]) or decreased by £ 25,965,809 (2021: £49,389,254[(1)]).

The assessment of market risk is based on the Company's equity and fixed income portfolio including private company investments, as held at the year end. The assessment uses the AIM All-Share Index and the FTSE 250 Index as proxies for the AIM Qualifying Investments and quoted Non-Qualifying Investments and illustrates, based on historical price movements, their potential change in value in relation to change in value of a reference index, in this case the FTSE 100.

The review has also examined the potential impact of a 30% move in the market on the CLN investments held by the Company, whose values will vary according to the price of the underlying security into which the loan note instrument has the option to convert.

Currency risk

The Company is not directly exposed to currency risk and does not invest in currencies other than sterling. There are indirect exposures through movements in the foreign exchange market as a consequence of investments held in companies who report in foreign currencies.

Interest rate risk

The Company is fully funded through equity and has no debt; therefore, interest rate risk is not considered a material risk.

(1) Prior year comparatives updated to reflect a 30% increase/decrease in the market.

The Company's financial assets and liabilities are denominated in sterling as follows:

	30 September 2022			
	Fixed Rate £000	Variable Rate £000	Non-Interest Bearing £000	Total £000
Investments	1,956	–	117,232	119,188
Cash and cash equivalents	–	41,911	–	41,911
Other currents assets and current liabilities (net)	–	–	(592)	(592)
Net assets	1,956	41,911	116,640	160,507

	30 September 2021			
	Fixed Rate £000	Variable Rate £000	Non-Interest Bearing £000	Total £000
Investments	5,835	–	196,965	202,800
Cash and cash equivalents	–	27,016	–	27,016
Other current assets and current liabilities (net)	–	–	(853)	(853)
Net assets	5,835	27,016	196,112	228,963

Interest rate risk exposure relates to fixed income securities and cash and cash equivalents (bank deposits) where interest income is primarily linked to bank base rates. Interest rate risk exposure on debt instruments is reflected in the market risk and since these securities are valued at fair value, no additional disclosure is made in this respect. Movements in interest rates on cash and cash equivalents are not considered a material risk.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet obligations as they fall due. The Company has no debt and maintains sufficient investments in cash or readily realisable securities to pay trade creditors and accrued expenses (£1,000,255 as at 30 September 2022). Liquidity risk is not considered material. As at 30 September 2022 the Company held £41,911,058 on bank deposit.

Credit risk

Credit risk relates to the risk of default by a counterparty. The Company may have credit risk through investments made in unsecured loan stock issued by Qualifying Companies or through Non-Qualifying Investments in fixed income securities and exchange traded funds. No assets are past due date for payment. On 31 March 2022, the Company fully impaired and realised a loss of £0.30m on its loan to Honest Brew Limited. There was a non-material adjustment to the carrying value of the loan to Osirium plc and a partial impairment of the accrued interest reflecting the company's requirement for further funding.

An investment will be impaired if the investee company is loss making and does not have sufficient funds available to transition into profit and in the opinion of the Investment Manager may fail to secure sufficient equity or debt funding to transition into profit, or if the borrower defaults or is expected to default on payment of accrued interest or repayment of the principal sum.

The maximum credit risk exposure equates to the carrying value of assets at the balance sheet date:

	2022 £000	2021 £000
Investments – (Fixed income securities)	1,956	5,835
Cash and cash equivalents	41,911	27,016
Other assets	408	330
	44,275	33,181[(1)]

(1) Total corrected re prior year casting error.

Cash and cash equivalents include bank deposits held through Canaccord Genuity Wealth Limited of £16.8 million (2021: £10.8 million) (CGWL, trading as CGWM), are held with banks that are authorised and regulated to carry on banking or deposit-taking business. All these meet the requirements of UK's FCA CASS rules. Through its treasury function, CGWM uses a tiered level approach to counterparty selection to reflect different maturities of cash held on deposit.

The Company's cash reserves, when held through CGWL, are pooled with cash deposits from other clients of CGWL and diversified across a specified panel of banks. CGWM's treasury function reviews panel members ahead of selection and prioritises the safety of client assets with the panel selection process placing an emphasis on quality and security. Participating banks must be rated as investment grade by at least two international credit rating agencies. CGWM will also consider the expertise and market reputation of the bank; review a bank's financial statements and consider its capital and deposit base; consider the geographical location of the parent; monitor a bank's credit default swaps; and ask the bank to complete a due diligence questionnaire. The CGWM treasury function maintains regular contact with panel banks, typically meeting them every 6 months or so. There are no withdrawal restrictions on the Company's cash held with CGWL.

Fair value of financial assets and financial liabilities

Equity investments are held at fair value. No investments are held for trading purposes only.

Capital management policies and procedures

The current policy is to fund investments through equity. No future change to this policy is envisaged. As a public limited company, the Company is required to hold a minimum £50,000 share capital.

The Company's capital is summarised in notes 1 and 11 to these accounts. The Company has no debt and is fully funded by equity.

16. Dividends

	2022 Ord £000	2021 Ord £000
Paid per share: Final capital dividend of 2.65 pence for year ended 30 September 2020	–	5,711
Paid per share: Interim capital dividend of 1.75 pence for year ended 30 September 2021	–	4,026
Paid per share: Special capital dividend of 2.50 pence for the year ended 30 September 2021(1)	5,704	–
Paid per share: Final capital dividend of 3.15 pence for year ended 30 September 2021	8,455	–
Paid per share: Interim capital dividend of 1.00 pence for year ended 30 September 2022	2,671	–
	16,830(2)	9,737
Proposed per share: Final capital dividend of 2.00 pence for the year ended 30 September 2022	6,218	–
Proposed per share: Special capital dividend of 2.00 pence for the year ended 30 September 2023	6,218	–
Paid per share: Special capital dividend of 2.50 pence for the year ended 30 September 2021	–	5,704
Proposed per share: Final capital dividend of 3.15 pence for the year ended 30 September 2021	–	8,456

(1) Special capital dividend paid on 29 October 2021

(2) The difference between total dividends paid for the period ending 30 September 2022 and the cash flow statement is £1,038,000 which reflects the amount of dividends reinvested under the DRIS.

17. Post balance sheet events

Share buybacks

As at 16 December 2022, 740,562 ordinary shares have been purchased at an average price of 58.27 pence per share and a total cost of £431,538.

Shares issued

As at 16 December 2022, 44,980,291 ordinary shares have been issued through the offer for subscription raising gross proceeds of £28,093,184.

Special dividend

The Board has agreed to pay a special dividend of 2.00 pence per share. The distribution will return to shareholders profits arising from the sale of Ideagen in July 2022. The special dividend will be paid together with the final dividend on 10 February 2023 to ordinary shareholders on the register on 6 January 2023.

New investments

The Company has made the following investments since the period end:

	Amount Invested £000	Investment into existing company
Qualifying Companies		
Bidstack Group PLC	750	Yes
Intelligent Ultrasound Group plc	400	Yes
Kidly Ltd	600	Yes
Non-Qualifying Companies		
BAE Systems plc	299	
Bodycote PLC	544	Yes
Bytes Technology Group plc	295	Yes
Chemring Group plc	282	Yes
Diversified Energy Company plc	546	Yes
Energean plc	926	No
Harbour Energy PLC	922	No
Marlborough Special Situations Fund	10,055	Yes
Watches of Switzerland Group plc	240	Yes
WH Smith plc	272	Yes

Alternative performance measures

An alternative performance measure (APM) is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for a VCT.

The definition of each APM is in the glossary of terms on pages 87 to 88. Where the calculation of the APM is not detailed within the financial statements, an explanation of the methodology employed is below:

NAV total return

		30 September 2022	30 September 2021
Opening NAV per share	A	100.39p	73.66p
Special dividend paid	B	2.50p	–
Final dividend paid	C	3.15p	2.65p
Interim dividend paid	D	1.00p	1.75p
Closing NAV per share	E	60.19p	100.39p
NAV total return	((B+C+D+E-A)/A)*100	-33.42%	42.26%

NAV total return (dividends reinvested)

				30 September 2022	% Return
Opening NAV per share (30 September 2021)			A	100.39p	
Closing NAV per share (30 September 2022)				60.19p	
	Special dividend paid October 2021	2.50p			
	Final dividend for year paid February 2022	3.15p			
	Interim dividend July 2022	1.00p			
Total dividend payments				6.65p	
Closing NAV per share plus dividends paid				66.84p	-33.42% (42.26% 30 September 2021)
In year performance of reinvested dividends				-2.06p	
NAV total return (dividends reinvested)	((B-A)/A)*100		B	64.78p	-35.47% (43.04% 30 September 2021)

Share price total return

		30 September 2022	30 September 2021
Opening share price	A	93.00p[(1)]	66.00p
Final dividend paid	B	3.15p	4.40p
Interim dividend paid	C	1.00p	2.50p
Closing share price	D	62.75p	93.00p[(1)]
Share price total return	((B+C+D-A)/A)*100	-28.06%	51.36%

(1) Ex – dividend

Share price total return (dividends reinvested)

				30 September 2022	% Return
Opening share price (30 September 2021)			A	93.00p[(1)]	
Closing share price (30 September 2022)				62.75p	
	Final dividend for year paid February 2022	3.15p			
	Interim dividend paid July 2022	1.00p			
Total dividend payments				4.15p	
Closing share price plus dividends paid				66.90p	-28.06% (51.36% 30 September 2021)
In year performance of reinvested dividends				-0.86p	
Share price total return (dividends reinvested)	((B-A)/A)*100		B	66.04p	-28.98% (52.46% 30 September 2021)

(1) Ex – dividend

Ongoing charges ratio

The ongoing charges ratio has been calculated using the AIC's "Ongoing Charges" methodology.

		30 September 2022 £000	30 September 2021 £000
Investment management fee		3,340	3,630
Other expenses [1]		989	805
VCT proportion of MSSF expenses		26	30
Ongoing charges	A	4,355	4,465
Average net assets	B	211,552	210,298
Ongoing charges ratio	(A/B)*100	2.06%	2.12%

(1) Other expenses exclude London Stock Exchange fees of £82,160 for admission of shares under the offer for subscription and the provision against loan stock interest receivable of £44,145 as the Board do not consider these costs to be ongoing costs to the fund.

Share price discount

		30 September 2022	30 September 2021
Share price	A	62.75p	93.00p[1]
Net asset value per share	B	60.19p	97.89p[1]
(Discount) / premium	((A/B)-1)*100	4.25%	(5.00%)

(1) Ex-dividend

The 1-year average discount of 2.84% is calculated by taking the average of the share price discount at each month end between 1 October 2021 and 30 September 2022.

The 5-year average discount of 5.65% is calculated by taking the average of the share price discount at each month end between 1 October 2017 and 30 September 2022.

Glossary of terms

Administrator
Canaccord Genuity Wealth Limited.

AIM
The Alternative Investment Market operated by the London Stock Exchange.

AQSE Growth Market
The Growth Market of the Aquis Stock Exchange, a recognised investment exchange for growth companies operated by Aquis Exchange plc.

CGWM
In the UK & Europe, Canaccord Genuity Wealth Management (CGWM) is the trading name of Adam & Company Investment Management Limited (AIM), Canaccord Genuity Wealth Limited ('CGWL'), Canaccord Genuity Financial Planning Limited ('CGFPL'), CG Wealth Planning Limited ('CGWPL'), Canaccord Genuity Asset Management Limited ('CGAM'), Punter Southall Wealth Limited ('PSW') and Canaccord Genuity Wealth (International) Limited.

Earnings per share total return
Total profit/(loss) for the reporting period divided by the weighted average number of shares in issue.

Eligible Shares
Shares in Qualifying Companies which do not carry preferential rights to dividends and/or assets on a winding-up or redemption.

FTSE AIM All-Share Total Return Index
Measures the total return of the underlying FTSE AIM All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

FTSE All-Share Index Total Return
Measures the total return of the underlying FTSE All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

Investment Manager
Canaccord Genuity Asset Management Limited.

ITA
Income Tax Act 2007, as amended.

Knowledge Intensive Companies
A company satisfying the conditions in Section 331(A) of Part 6 ITA.

Non-Qualifying Company or Non-Qualifying Investment
An investment made by the Company which is not a Qualifying Investment and is permitted under the VCT Rules.

Offer Shares
New ordinary shares of 1 penny each in the capital of the Company issued or to be issued pursuant to the Offer for Subscription of Ordinary Shares in Hargreave Hale AIM VCT plc launched on 2 September 2022.

Qualifying Company or Qualifying Investment
An investment made by a venture capital trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA.

Qualifying Trade
A trade complying with the requirements of section 300 ITA.

State aid
State aid received by a company as defined in Section 280B (4) of ITA.

VCT or Venture Capital Trust

Venture capital trust as defined in section 259 ITA.

VCT Rules

All rules and regulations that apply to VCTs from time to time, including the ITA.

Alternative performance measures

An alternative performance measure is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Company uses the following alternative performance measures:

Net asset value (NAV)

The value of the Company's assets, less its liabilities.

Net asset value (NAV) per share

The net asset value divided by the total number of shares in issue at the year end.

NAV total return

The NAV total return shows how the NAV per share has performed over a period of time in percentage terms taking into account both capital returns and dividends paid. We calculate this by adding the dividends paid in the period to the closing NAV per share and measuring the percentage change relative to the opening NAV per share.

NAV total return since inception

The sum of the published NAV per share plus all dividends paid per share over the lifetime of the Company.

NAV total return (dividends reinvested)

The NAV total return (dividends reinvested) shows the percentage movement in the NAV Total Return per share over time taking into account both capital returns and dividends paid assuming dividends are re-invested into new shares. To be consistent with industry standard practice, the allotment price of the new shares issued in place of the cash dividend is assumed to be the prevailing ex-dividend NAV per share on the day the shares go ex-dividend. This differs from the methodology followed by the registrar when issuing shares under the Company's dividend re-investments scheme.

Ongoing charges ratio

The ongoing costs of managing and operating the Company divided by its average net assets. Calculated in accordance with AIC guidance, this figure excludes 'non-recurring costs'.

Share price discount

As stock markets and share prices vary, a VCT's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Share price total return

The share price total return shows performance over a period of time in percentage terms by reference to the mid-price of the Company's shares taking into account dividends paid and payable having past the ex-dividend date in the period and any return of capital if applicable.

We calculate this by adding the dividends paid and payable having past the ex-dividend date in the period to the closing mid-price and measuring the percentage change relative to the opening mid-price.

Share price total return (dividends reinvested)

The performance of the Company's share price on a total return basis assuming dividends are reinvested in new shares at the mid-price of the shares on the ex-dividend date.

Shareholder information

The Company's ordinary shares (Code: HHV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, https://www.londonstockexchange.com, for the latest news and share prices of the Company. Further information for the Company can be found on its website at https://www.hargreaveaimvcts.co.uk.

Net asset value per share

The Company's NAV per share as at 9 December 2022 was 61.02 pence per share. The Company publishes its unaudited NAV per share on a weekly basis.

Dividends

Subject to approval at the Annual General Meeting on 2 February 2023, the Board has proposed the payment of a final dividend of 2 pence in respect of the financial year ending 30 September 2022. A special dividend of 2 pence has also been approved by the Board.

Shareholders who wish to have future 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 contacting the Company's Registrar, Equiniti.

Dividend reinvestment scheme

The Company offers a dividend re-investment scheme (DRIS) allowing shareholders to elect to receive all of their dividends from the Company in the form of new ordinary shares. Shareholders may elect to join the DRIS at any time by completing a DRIS mandate form. Mandates can be obtained by contacting the Company's registrar, Equiniti or by visiting the Company's website at https://www.hargreaveaimvcts.co.uk. As new ordinary shares will be issued, shareholders are also able to claim tax relief on the shares, including 30 per cent. income tax relief on their investment (subject to the terms of the VCT legislation and the personal circumstances of the shareholder).

Selling your shares

The Company aims to improve the liquidity in its ordinary shares and to maintain a discount of approximately 5% to the last published NAV per share (as measured against the mid-price of the shares) by making secondary market purchases. This policy is non-binding and at the discretion of the Board. The effective operation of the policy is dependent on a range of factors which may prevent the Company from achieving its objectives. As a result there is no guarantee you will be able to sell your shares or of the discount to NAV per share at which they will be sold.

VCT share disposals are exempt of capital gains tax when the disposal is made at arms' length, which means a shareholder should sell their shares to a market maker through a stockbroker or another share dealing service. In practice, this means that the price achieved in a sale is likely to be below the mid-price of the Company's shares and, therefore, the discount is likely to be more than 5% to the last published NAV per share.

VCT share disposals settle two business days post trade if the shares are already dematerialised or placed into CREST ahead of the trade, or ten days post trade if the stock is held in certificated form.

Investors who sell their VCT shares before the fifth anniversary of the share issue are likely to have to repay their income tax relief. Canaccord Genuity Wealth Management can facilitate the sale of VCT shares and is able to act for VCT shareholders who wish to sell their shares. However, you are free to nominate any stockbroker or share dealing service to act for you. If you would like further information from Canaccord Genuity Wealth Management please contact the VCT administration team at aimvct@canaccord.com or call 01253 376622.

Please note that Canaccord Genuity Wealth Limited will need to be in possession of the share certificate and a completed CREST transfer form before executing the sale. If you have lost your share certificate, then you can request a replacement certificate from the Company's registrar Equiniti. The registrar will send out an indemnity form, which you will need to sign. The indemnity form will also need to be countersigned by a UK insurance company or bank that is a member of the Association of British Insurers. Since indemnification is a form of insurance, the indemnifying body will ask for a payment to reflect their risk. Fees will reflect the value of the potential liability.

Shareholder enquiries:

For general shareholder enquiries, please contact Canaccord Genuity Wealth Limited on 01253 376622 or by e-mail to aimvct@canaccord.com. For enquiries concerning the performance of the Company, please contact the Investment Manager on 0207 523 4837 or by e-mail to aimvct@canaccord.com.

Electronic copies of this report and other published information can be found on the Company's website at https://www.hargreaveaimvcts.co.uk.

Change of address

To notify the Company of a change of address please contact the Company's registrar at the address on page 91.

Company information

Directors
David Brock, Chair
Oliver Bedford
Angela Henderson
Megan McCracken
Busola Sodeinde
Justin Ward

Administrator and Custodian
Canaccord Genuity Wealth Limited
c/o Talisman House
Boardmans Way
Blackpool
FY4 5FY

VCT Status Adviser
Philip Hare & Associates
Hamilton House
1 Temple Avenue
London
EC4Y 0HA

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU

Company Registration Number
05206425 in England and Wales

Registered office
Talisman House
Boardmans Way
Blackpool
FY4 5FY

Investment Manager
Canaccord Genuity Asset Management Limited
88 Wood Street
London
EC2V 7QR

Company Secretary
JTC (UK) Limited
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Brokers
Nplus1 Singer Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

Solicitors
Dickson Minto W.S.
20 Primrose Street
Broadgate Tower
London
EC2A 2EW

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Hargreave Hale AIM VCT plc ("**the Company**") will be held at 88 Wood Street, London, EC2V 7QR on 2 February 2023 at 10.30 am for the purposes of considering and if thought fit, passing the following resolutions, of which resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions and resolutions 14 and 15 as special resolutions:

Ordinary Resolutions

1. To receive and adopt the reports of the directors and auditor and the audited financial statements of the Company for the year ended 30 September 2022.
2. To receive and approve the directors' remuneration report for the year ended 30 September 2022.
3. To approve the directors' remuneration policy, the full text of which is contained in the directors' remuneration report for the year ended 30 September 2022.
4. To reappoint BDO LLP as auditors to the Company and to authorise the Directors to determine their remuneration.
5. To re-elect David Brock as a director of the Company.
6. To re-elect Oliver Bedford as a director of the Company.
7. To re-elect Angela Henderson as a director of the Company.
8. To re-elect Justin Ward as a director of the Company.
9. To elect Megan McCracken as a director of the Company.
10. To elect Busola Sodeinde as a director of the Company.
11. To approve a final dividend of 2 pence per ordinary share in respect of the year ended 30 September 2022.
12. To authorise the directors of the Company (the "**Directors**"), in addition to any existing power and authority granted to the Company pursuant to Article 29 of the Company's articles of association (the "**Articles**"), to exercise the power conferred on them by Article 29 of the Articles to offer holders of ordinary shares in the capital of the Company the right to elect to receive ordinary shares credited as fully paid, instead of cash, in respect of the whole (or some part to be determined by the Directors) of dividends declared, made or paid during the period starting with the date of this resolution and ending at the conclusion of the next annual general meeting of the Company following the date of this resolution and to authorise the Directors to do all acts and things required or permitted to be done in accordance with the Articles in connection therewith.
13. THAT, in addition to all existing authorities, the directors of the Company (the "**Directors**") be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot ordinary shares of 1 penny each in the capital of the Company ("**Shares**") and to grant rights to subscribe for, or to convert any security into, Shares ("**Rights**"), up to an aggregate nominal value of £310,891 (being equal to approximately 10 per cent. of the Company's issued share capital (excluding treasury shares) as at 16 December 2022) generally from time to time or pursuant to shareholders' right to elect to participate in the dividend reinvestment scheme operated by the Company in accordance with Article 29 of the Company's Articles of Association on such terms as the Directors may determine, such authority to expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2024 and the expiry of 15 months from the passing of this resolution (unless previously renewed, varied or revoked by the Company in general meeting), 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 shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the power conferred by this resolution had not expired.

Special Resolutions

14. THAT, in addition to all existing authorities and subject to the passing of Resolution 13 set out in this notice of meeting, the directors of the Company (the "**Directors**") be and are hereby empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "**Act**") to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority given pursuant to Resolution 13 set out in the notice of this meeting, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

(i) shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £155,445 (representing approximately 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at 16 December 2022) pursuant to the dividend reinvestment scheme operated by the Company;

(ii) shall be limited to the allotment of equity securities and the sale of treasury shares for cash (otherwise than pursuant to sub-paragraph (i) above), up to an aggregate nominal amount of £155,445 (representing approximately 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at 16 December 2022); and

(iii) expires on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2024 and the expiry of 15 months from the passing of this resolution (unless previously renewed, varied or revoked by the Company in general meeting), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

15. THAT, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the "**Act**"), to make one or more market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares on such terms and in such manner as the directors may determine (either for cancellation or for retention as treasury shares for future re-issue, resale, transfer or cancellation) provided that:

a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 46,602,701 ordinary shares or, if less, the number representing approximately 14.99 per cent. of the issued share capital of the Company as at the date of the passing of this resolution;

b) the maximum price (excluding expenses) which may be paid for any ordinary share purchased pursuant to this authority shall not be more than the higher of:

   (i) 5 per cent. above the average closing price on London Stock Exchange plc of an ordinary share over the five business days immediately preceding the date of purchase; and

   (ii) the higher price of the last independent trade of an ordinary share and the highest current independent bid for such a share on London Stock Exchange plc;

c) the minimum price (excluding expenses) which may be paid for an ordinary share shall be 1p (the nominal value thereof); and

d) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 or on the expiry of 15 months following the passing of this resolution, whichever is the earlier, save that the Company may, prior to the expiry of such authority, enter into a contract or contracts to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract or contracts as if the power conferred by this resolution had not expired.

By order of the Board of Directors.

JTC (UK) Limited
Company Secretary

Registered Office:
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

16 December 2022

A member entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote on their behalf. A proxy need not also be a member of the Company. To be effective, forms of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of that power or authority must be lodged with the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not less than 48 hours (excluding non-working days) before the time appointed for holding the meeting or any adjourned meeting.

A member may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. Members may not appoint more than one proxy to exercise rights attached to any one share. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those members registered in the register of members of the Company as at 6.30 pm on 31 January 2023 or, in the event that the meeting is adjourned, on the register of members at 6.30 pm on the day 2 days (excluding non-working days) prior to the reconvened meeting, shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 6.30 pm on 31 January 2023 (or in the event that the meeting is adjourned, as at 6.30 pm 2 days (excluding non-working days) prior to the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions in any enactment, the Articles of Association of the Company or any other instrument to the contrary.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (www.euroclear.com). CREST personal members or other CREST sponsored members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Equiniti, the Company's Registrar (ID RA19), not later than 48 hours (excluding non-working days) before the time appointed for the meeting. 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 Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and where applicable their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. 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(s), to procure that their 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 service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10:30 am on 31 January 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the relevant resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from https://www.hargreaveaimvcts.co.uk.

Under section 319A of the Companies Act 2006, the Company must answer at the Annual General Meeting any question a member asks relating to the business being dealt with at the Annual General Meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website https://www.hargreaveaimvcts.co.uk.

Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to 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 Annual General Meeting that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

Any person holding 3 per cent. or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Shareholders (and any proxy or representatives they appoint) agree, by attending the meeting, that they are expressly requesting that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.

You may not use any electronic address provided either in this notice of meeting or any related documents (including the form of proxy) to communicate with the Company for any purpose other than those expressly stated.

Note:

1. The following documents will be available for inspection at the registered office of the Company during usual business hours on a weekday (except Saturdays, Sundays and Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes up to and during the meeting;
   a) copies of the directors' letters of appointment;
   b) the Articles of Association of the Company; and
   c) the register of directors' interests in the shares of the Company.
2. As at 16 December 2022 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consisted of 310,891,938 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company are 310,891,938.

Scrip dividend scheme

SUMMARY TERMS AND CONDITIONS

General

The Company operates, through Equiniti Limited, a scrip dividend scheme (the "**DRIS**") whereby shareholders can elect to have relevant dividends reinvested in new Ordinary Shares.

The Company seeks to renew its DRIS by virtue of Resolution 12 set out in the Notice of AGM. If Resolution 12 is passed, the DRIS will apply to any subsequent interim or final dividend of the Company in respect of which a scrip dividend alternative is offered and this shareholder authority will expire at the AGM to be held in 2024.

When a future dividend is announced the Company will advise if the DRIS applies to that dividend, together with the relevant details for that dividend.

The details (including the timetable, price etc.) for each relevant dividend to which the DRIS will apply along with the full terms and conditions of the DRIS, will be/are available on the Company's website at https://www.hargreaveaimvcts.co.uk. Information regarding future scrip dividend alternatives will also be provided via a Regulatory Information Service. Shareholders can also contact Equiniti on their helpline at 0371 384 2714 (or from overseas on +44 121 415 7047) if they have any questions about the operation of the DRIS in respect of any relevant dividend.

Whether or not you should elect to receive new Ordinary Shares instead of cash in respect of any future relevant dividends may depend on your own personal tax circumstances. Please note, the tax treatment may change during the period for which the Scrip Dividend Scheme is available.

For the avoidance of doubt, if you currently participate in the Company's DRIS and do not wish to cancel your standing mandate, there is no need to complete a new Mandate Form as your existing mandate will stand.

For general enquiries about the DRIS please contact Equiniti on 0371 384 2714 (or from overseas on +44 121 415 7047) or contact them via their website www.shareview.co.uk. Lines are open from 8:30 a.m. to 5:30 p.m. Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the DRIS nor give any personal financial, legal or tax advice.

Summary terms and conditions of the DRIS

For the avoidance of doubt, unless the context otherwise requires, all defined terms used in this Appendix have the same meanings as set out in the 'DRIS Terms and Conditions' available on the Company's website at https://www.hargreaveaimvcts.co.uk.

1. Participation in the DRIS

a. Applicants may join the DRIS by giving notice in writing to the DRIS Manager. The Company, acting through the DRIS Manager, shall have absolute discretion to accept or reject applications to participate in the DRIS. An Applicant shall become a member of the DRIS upon acceptance of his or her application by the DRIS Manager on the Company's behalf. The DRIS Manager will provide written notification if an application is rejected. Only Shareholders or their applicable Nominee Shareholder may join the DRIS.

b. In order to participate in the DRIS in relation to a certain Investment Date an Applicant must have notified the DRIS Manager of their intention to participate in the DRIS at least 10 Business Days prior to the relevant Investment Day.

c. The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirement of any regulatory authority or other body which is binding upon the Company or the DRIS Manager.

d. The Company and the DRIS Manager shall be entitled, at their absolute discretion at any time and from time to time, to suspend the operation of the DRIS and/or to terminate the DRIS without notice to the Applicants and/or to resolve to pay dividends to Applicants partly by way of cash and partly by way of new Ordinary Shares and/or to refuse to invest dividends due on Ordinary Shares held by a Nominee Shareholder where the DRIS Manager is unable to obtain confirmation of the identity and shareholdings of the relevant Beneficial Shareholder. In the event of termination, the Company shall, subject to the terms and conditions, pay to each Applicant all of the monies held by the Company on his or her behalf under the DRIS.

e. Applicants who are not Shareholders may join the DRIS in respect of the number of Ordinary Shares of the Company specified as Nominee Shareholdings and notified to the DRIS Manager by the Applicant and the Shareholder in whose name the Ordinary Shares are held.

f. The number of Ordinary Shares held by any such Applicant which are mandated to the DRIS shall be altered immediately following any change to the number of Ordinary Shares in respect of which such Shareholder is the registered holder as entered onto the share register of the Company from time to time.

g. Applicants who hold their Ordinary Shares through a Nominee may join the DRIS in respect of the number of Ordinary Shares of the Company specified as Nominee Shareholdings and notified to the DRIS Manager by the Applicant and the Shareholder in whose name the Ordinary Shares are held.

2. Issue of Ordinary Shares under the DRIS

a. On an Investment Day, dividends paid, or to be paid, on Ordinary Shares held by, or on behalf of, Applicants who have elected to participate in the DRIS in relation to those Ordinary Shares shall be transferred by the Company to the DRIS.

b. On or as soon as practicable after an Investment Day, the funds held within the DRIS on behalf of an Applicant shall be applied on behalf of that Applicant in the subscription for the maximum number of whole new Ordinary Shares as can be acquired with those funds.

c. The number of new Ordinary Shares to be allotted to an Applicant shall be calculated by dividing the funds held within the DRIS on behalf of the Applicant by the greatest of:

    i. the latest published net asset value per Ordinary Share (net of all unpaid dividends declared on or before an Investment Day);

    ii. the nominal value per Ordinary Share; and

    iii. the mid-market price per Ordinary Share as quoted on the London Stock Exchange, each at the close of business on the tenth Business Day preceding the date of issue of such Ordinary Shares.

    Fractions of new Ordinary Shares will not be allotted to Applicants and their entitlement will be rounded down to the nearest whole number of new Ordinary Shares.

d. Any balance of cash remaining within the DRIS for the account of an Applicant after an issue of Ordinary Shares is made shall be held by the Company on behalf of the relevant Applicant and added to the cash available in respect of that Applicant for the subscription of Ordinary Shares on the next Investment Day. No interest shall accrue or be payable in favour of any Applicant on any such cash balances carried forward. All cash balances held by the Company will be held as banker and not trustee and as a result will not be held in accordance with any client money rules made by the Financial Conduct Authority from time to time.

e. The new Ordinary Shares will rank equally with all existing Ordinary Shares.

f. The issue of Ordinary Shares under the DRIS shall be conditional on the following:

    i. the Company having the requisite Shareholder authorities to allot Ordinary Shares under the DRIS; and

    ii. the Company having not issued Ordinary Shares representing more than 10 per cent. of its issued share capital under the DRIS in the 12 months immediately preceding the Investment Date, and if this limit is reached in relation to Ordinary Shares to be issued on an Investment Date, the entitlements of each Applicant in relation to that Investment Date will be scaled back on a pro-rata basis.

g. The Company shall immediately after the issue of Ordinary Shares under the DRIS take all necessary steps to ensure that those Ordinary Shares shall be admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange, provided that at the time of such issue the existing Ordinary Shares in issue are so admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange.

h. The DRIS Manager shall as soon as practicable after the issue of Ordinary Shares take all necessary steps to ensure that the Applicants (or, where an Applicant is not a Shareholder, the Shareholder on whose behalf the Ordinary Shares mandated to the DRIS are held) are entered onto the share register of the Company as the registered holders of the Ordinary Shares issued to them in accordance with the DRIS, and that share certificates (unless such Ordinary Shares are to be uncertificated in which case the new Ordinary Shares will be credited to the Applicant's CREST account) in respect of such Ordinary Shares are issued and delivered to Applicants at their own risk.

i. Applicants (or such other person as aforesaid) will receive with their share certificates (if any) a statement detailing:
   i. the total number of Ordinary Shares held at the Investment Day in respect of which a valid election to participate in the DRIS was made;
   ii. the amount of the dividend available for investment and participation in the DRIS;
   iii. the price at which each Ordinary Share was issued under the DRIS;
   iv. the number of Ordinary Shares issued and the date of issue; and
   v. the amount of cash to be carried forward for investment on the next Investment Day.

3. Terminating and amending participation in the DRIS

a. An Applicant may at any time by completing a Mandate Form and sending it to the DRIS Manager, terminate his or her participation in the DRIS and withdraw any monies held by the Company on his or her behalf in relation thereto.

b. If an Applicant who is a Shareholder shall at any time cease to hold Ordinary Shares, he or she shall be deemed to have submitted a Mandate Form under paragraph (a) above in respect of his or her participation in the DRIS. Whenever a Nominee Shareholder sells Ordinary Shares on behalf of the Beneficial Shareholder, the Nominee Shareholder agrees to notify the DRIS Manager of the full details of the sale as soon as practicable. Neither the Company nor the DRIS Manager shall be responsible for any loss or damage as a result directly or indirectly of a failure by a Nominee Shareholder to comply with such obligation. If a Shareholder in whose name Ordinary Shares are held on behalf of an Applicant shall at any time cease to hold any Ordinary Shares on behalf of that Applicant, he or she shall be deemed to have submitted a Mandate Form under paragraph (a) above in respect of his or her participation in the DRIS. If notice of termination is served or deemed to have been served, all of the monies held by the Company on the Applicant's behalf shall be delivered to the Applicant as soon as reasonably practicable at the address set out in the Mandate Form, subject to any deductions which the Company may be entitled or bound to make. Any Mandate Form submitted or deemed to have been submitted as set out above shall not be effective in respect of the next forthcoming Investment Day unless it is received by the DRIS Manager at least 10 Business Days prior to such Investment Day.

c. Cash balances of less than £1 held on behalf of Applicants who have withdrawn from, or otherwise cease to participate in, the DRIS will not be repaid, but will be donated to a recognised registered charity at the discretion of the Company.

4. Notices

All Mandate Forms and any other notices and instructions to be given to the DRIS Manager shall be in writing and delivered or posted to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

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