

Annual Report and Accounts

for the year ended 30 September 2014

UNICORN
AIM VCT PLC



Investment Objective

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

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

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Financial Highlights

for the year ended 30 September 2014

- Net asset value total return for the year ended 30 September 2014 was 15.3%
- Dividend of 6p proposed.
- Offer for subscription to raise £15 million launched on 17 September 2014 with an over-allotment facility for a further £10 million. At the date of this report the Company had raised £6.2 million.

Fund Performance

Ordinary Shares	Total assets (£m)	Net asset value per share (NAV) (p)	Cumulative dividends* paid per share (p)**	Net asset value plus cumulative dividends paid per share (p)**	Share price (p)
30th September 2014	92.2	143.7	20.0	163.7	130.0
31st March 2014	86.3	142.8	20.0	162.8	123.5
30th September 2013	73.7	129.8	14.0	143.8	111.0
31st March 2013	61.9	108.5	14.0	122.5	89.3

* The Board has recommended a dividend of 6p per share for the year ended 30 September 2014. If approved by Shareholders, this payment will bring total dividends paid since the merger with Unicorn AIM VCT II plc on 9 March 2010 to 26p.

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

Portfolio Summary

Allocation of qualifying investments by market sector

	As at 30 September 2014	As at 30 September 2013
	%	%
Software & computer services	23.53	23.95
Pharmaceutical & biotechnology	21.98	33.62
Industrial engineering	8.24	8.05
Food & drug retailers	7.03	3.13
Financial services	6.70	7.42
Media	6.05	2.75
Travel & leisure	4.36	–
Support services	4.04	7.97
Aerospace & defence	4.03	4.45
Healthcare equipment & services	3.50	4.98
Retail	3.13	–
Industrial transportation	2.18	1.75
Real estate investment & services	2.08	1.73
Chemicals	1.81	–
Electronic & electrical equipment	0.63	–
Household goods & home construction	0.50	–
Technology hardware & equipment	0.21	0.18
Fixed line telecommunications	–	0.02
Total	100.00	100.00

Chairman's Statement

This is the thirteenth Annual Report of the Company for the financial year ended 30 September 2014.

Investment Performance Review

I am pleased to report on another period of strong absolute and relative performance for the Company. The capital returns from the portfolio have again been positive, reflecting the improving financial and operational health of many of the Company's investments. The total returns recorded in the financial year under review, include a dividend payment of 6 pence per share and have been achieved despite a weak performance from the FTSE AIM All-Share Index as a whole.

As at 30 September 2014, the audited Net Asset Value ("NAV") of the Company was 143.7 pence per share having risen from 129.8 pence per share at the start of the financial year under review. After adding back the dividend of 6 pence per share paid in the period, this represents a total return to Shareholders of 15.3%. Although it is not a representative benchmark due to its weighting in mining and oil exploration stocks, the total return from the FTSE AIM All-Share Index over the same period recorded a decline of 4.5%.

The audited net assets of the Company were £92.2 million at the financial year end.

Following an active twelve months for new investment, the total book cost of qualifying and non-qualifying investments rose by £13.2 million from £49.3 million to £62.5 million. Unrealised capital gains on investments increased by a further £8.0 million due largely to the underlying performance of the VCT qualifying portfolio. This strong performance was achieved despite the fact that the largest holding, Abcam, fell in value by 20% in the period. Twelve of the investments currently held in the portfolio, have at least doubled in value from original investment cost. The growth of many of our investee companies in recent years has resulted in a more balanced portfolio, whereby contributions to performance have become more widely spread.

The economic outlook for the UK has, by and large, continued to improve despite increasing problems for the rest of Europe. According to the Office for National Statistics, employment growth accelerated in 2013, with over 430,000 new jobs being created. This trend appears to have continued during 2014, despite ongoing pressure on public sector employment. Job creation tends to rise alongside increased economic activity, leading to more business investment and increased levels of consumer spending and this has started to benefit many of the companies in the portfolio.

As commented on in last year's Annual Report, many smaller companies endured an extended period of low growth, during which it was important for management teams to focus on cost control and on maintaining balance sheet strength in order to ensure survival. It is therefore encouraging to note that improving economic conditions have now begun to be reflected in a return to growth for many of the companies held in the portfolio.

At the financial year end, there were 50 active VCT qualifying companies in the portfolio. The Investment Manager continues to focus on a select number of key metrics in order to monitor and assess the financial health of these businesses. These metrics continue to improve for most of the companies held in the portfolio. As a starting point, investment in new companies is typically only made if that company is profitable at the time of investment. At the financial year end, approximately 85% of all the companies held were profitable. Most of these businesses are cash generative and operate with strong balance sheets. As evidence of this statement, 90% operate with net gearing of less than 25%, while over 60% have no debt on their balance sheets. Approximately 80% of investee companies were cash flow positive in their last reported financial year, while profit growth is anticipated from an estimated two thirds of the portfolio in the current financial year. Another key indicator of good corporate financial and operating health is the ability to pay dividends. It is therefore particularly encouraging to note that over 60% of the companies held in the portfolio have paid a dividend within the past twelve months.

Portfolio Activity

The twelve months to 30 September 2014 was an active period for companies seeking a listing on the AIM. Although often having some of the criteria required, many of these businesses failed to meet the Investment Manager's overall fundamental investment criteria and were therefore rejected. This selective approach to new investment has been a longstanding, proven and effective policy. In the financial year ended 30 September 2014, a total of eight new VCT qualifying investments were made at an aggregate investment cost of £7.5 million. Although it is clearly too early to make a definitive judgement, the performance, to date, of these new investments has been encouraging.

In addition to these new VCT qualifying investments, there were two follow-on, qualifying investments in businesses in which the Company already held a stake. Partial disposals were made in a number of both qualifying and non-qualifying investments, while weightings were increased in four non-qualifying holdings. There were also five new investments made in new non-qualifying companies during the course of the year. One qualifying investment was sold in full as a result of merger and acquisition activity.

A detailed report on the performance of both the qualifying and the non-qualifying investments is contained in the Investment Manager's Review on pages 12 to 17. In addition, I refer you to the Board's Strategic Report which can be found on pages 4 to 10.

Outlook

The improvement in the UK employment market over the last two years, combined with recent falls in the prices of many key consumer items has begun to lift living standards and has generated meaningful GDP growth in the domestic economy.

Continued recovery in the UK economy remains uncertain, however, and to a large extent is dependent on the outcome of broader issues. Concerns are developing arising from; hostilities in Eastern Europe, conflict in the Middle East, sustainability of economic growth in China and other emerging economies and perhaps most importantly, from the point of view of our investee companies, the persistently weak Eurozone economies. Each of these issues is capable of undermining confidence and derailing the UK's economic revival. The performance of the UK equity market has been reflecting this uncertainty, particularly in more recent months.

Notwithstanding such uncertainties, the outlook for the Company appears sound. The management teams of the investee companies are generally expressing cautious optimism about the prospects for delivering growth. When compared with the challenges faced in the aftermath of the 2008 financial crisis, it is also evident that many of these businesses are in a much stronger position both operationally and financially than they were six years ago.

Careful stock selection and prudent portfolio management has delivered strong returns to Shareholders in recent years. The cautious, disciplined and selective approach to investing and managing the Company's assets has proven successful and will be maintained. As a consequence, I am optimistic that the Investment Manager can continue to deliver market leading performance in the future.

I would like to take this opportunity to thank all Shareholders for their support of the Company and to invite you to attend the Company's Annual General Meeting on 12 February 2015.

In closing I especially wish to thank our former administrator, Mobeus Equity Partners and its predecessor Matrix for the exceptional work they did over thirteen years providing this essential service. In particular I would like to single out Rob Brittain who headed that effort for so many years. I also welcome our new administrator, ISCA Administration Services Limited and look forward to a productive working relationship with them.

Peter Dicks

Chairman

11 December 2014



Strategic Report

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

- i) the Company's business model and objective;
- ii) the Board's strategy for achieving those objectives;
- iii) performance during the year;
- iv) key performance indicators;
- v) key events during the year;
- vi) the principal risks and uncertainties faced by the Company;
- vii) the regulatory environment within which it operates; and
- viii) the Company's prospects.

The Investment Manager's Review on pages 12 to 17 also includes what it believes to be a balanced and comprehensive analysis of the development of the business during the financial year and the position of the Company's investments at the end of the year.

The Company's Independent Auditor is required to report by exception on whether the information given in the Strategic Report is consistent with the financial statements. The Auditor's Report is set out on pages 41 and 42.

The Company and its Business Model

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

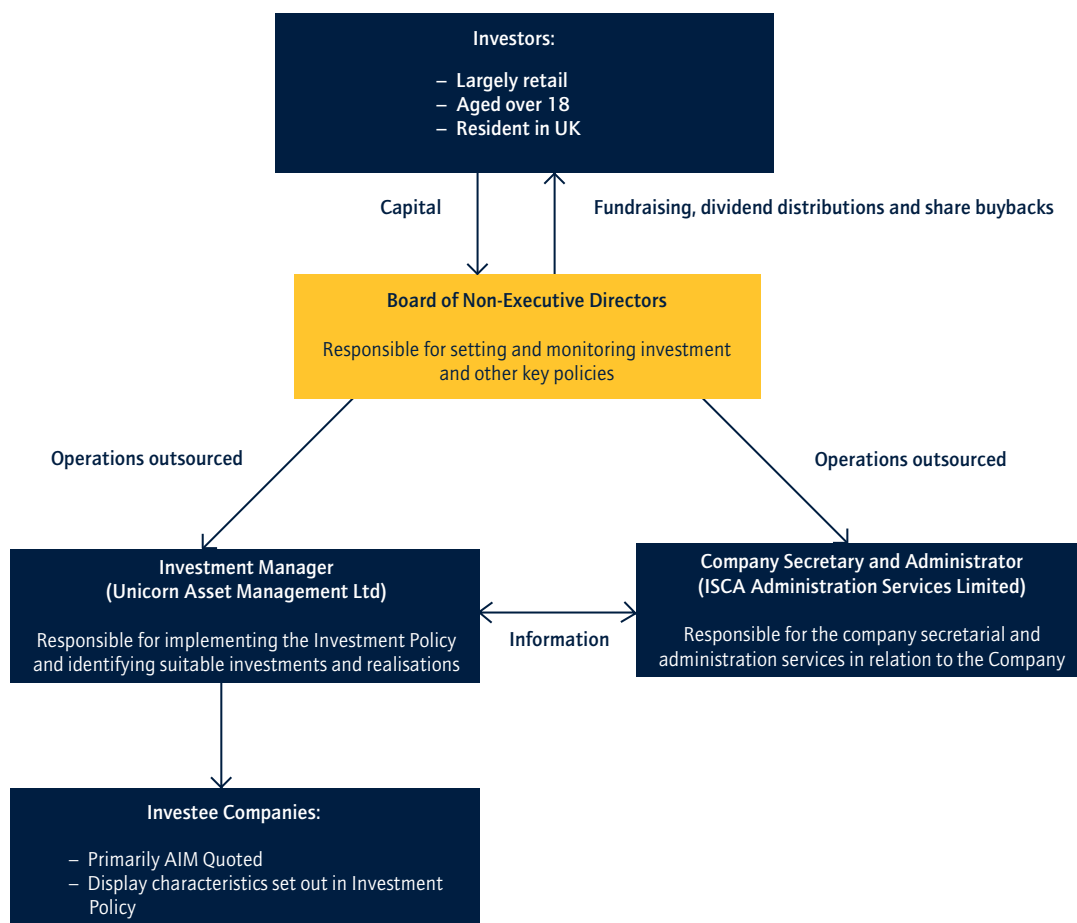
The Company's shares are listed on the London Stock Exchange main market under the code UAV.

The Company is an externally managed fund with a Board comprising non-executive Directors. Investment management and operational support are outsourced to external service providers, with the strategic and operational framework and key policies set and monitored by the Board as described in the diagram on page 5. Further information on each of the service providers is outlined in the Corporate Governance Statement on page 36.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Risk is spread by investing in a number of different businesses across different industry sectors. The Investment Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. However, in order to maintain compliance with HMRC rules and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager and the Administrator on a monthly basis. When the Investment Manager proposes to make any investment in an unquoted company, the prior approval of the Board is required. With effect from 1 September 2014 ISCA Administration Services Limited took over from Mobeus Equity Partners the provision of company secretarial and accountancy services to the Company.

Strategic Report

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



The Board's Strategy

Investment objective and policy

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

To achieve this objective, the Company's strategy is to invest in companies which meet the criteria referred to in the investment policy, which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM. Further details can be found on page 11.

Performance during the year

As at 30 September 2014, the audited NAV of the Company was 143.7 pence per share, having risen by 13.9 pence from 129.8 pence per share at the start of the financial year under review. After adding the dividend of 6 pence per share paid in the year, this is a total return to Shareholders of 19.9 pence for the year or 15.3% of the opening NAV for the year. In comparison, the total return from the FTSE AIM All-Share Index, although not a representative benchmark due its weighting in mining and oil exploration stocks, over the same period was –4.5%. The audited net assets of the Company were £92.2 million at the financial year end.

At the financial year end, there were 50 active VCT qualifying companies in the portfolio. The Investment Manager continues to focus on a select number of key metrics in order to monitor and assess the financial health of these businesses. These metrics continue to improve for most of the companies held in the portfolio. As a starting point, investment in new companies is typically only made if that company is profitable at the time of investment. At the financial year end, approximately 85% of all the companies held were profitable. Most of these businesses are cash generative and operate with strong balance sheets.

Strategic Report

As evidence of this statement, 90% operate with net gearing of less than 25%, while over 60% have no debt on their balance sheets. Approximately 80% of investee companies were cash flow positive in their last reported financial year, while profit growth is anticipated from an estimated two thirds of the portfolio in the current financial year. Another key indicator of good financial and operating health is the ability to pay dividends. It is therefore particularly encouraging to note that over 60% of the companies held in the portfolio have paid a dividend within the past twelve months.

In the year to 30 September 2014, a total of £9.5 million was realised through the sale of investments and a total of £13.4 million raised from the offer for subscription. £17.4 million was deployed in new investments and approximately £3.6 million paid out as dividends to Shareholders. A further £1.9 million was used to help fund share buybacks and to meet the operating costs of the Company.

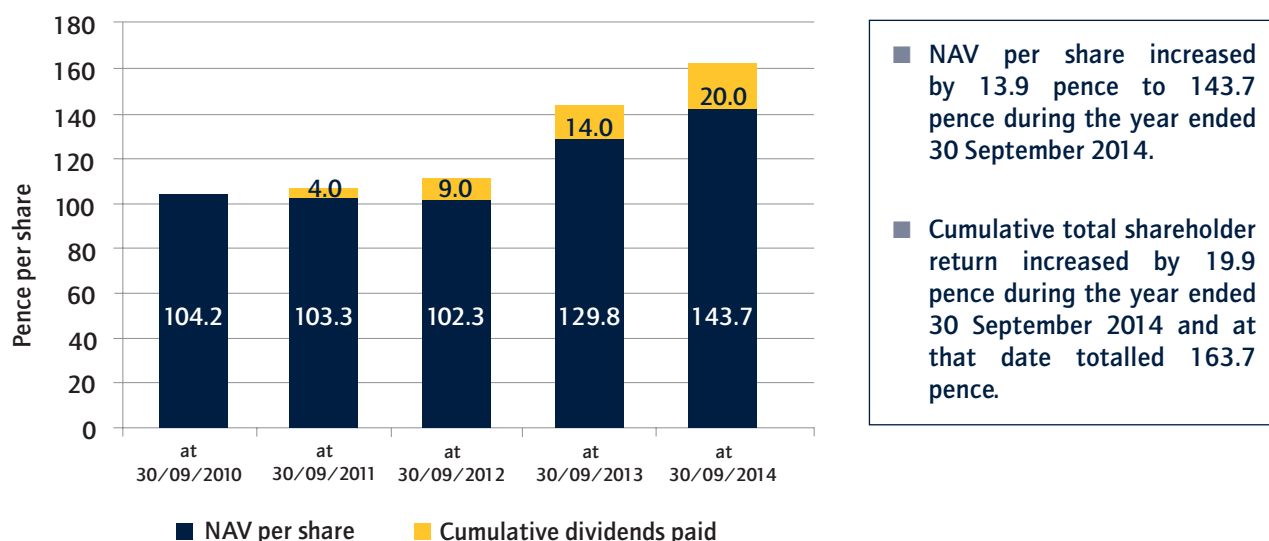
Over the 12 months to 30 September 2014 there was a net gain on investments of £11.9 million and the total profit on ordinary activities was £11.1 million, equivalent to earnings of 18.2 pence per share. The profit on the revenue account was £350,000. At the financial year end, the portfolio consisted of 50 qualifying and 23 non-qualifying investments in active businesses.

The longer term performance of the Company remains robust. Since the merger with Unicorn AIM VCT II plc, which was completed in March 2010, the total return to Shareholders has been 78.3%, including the payment of 20 pence per share in tax free dividends.

Key Performance Indicators

The bar charts below and on page 7 display the key indicators that the Board uses to measure the Investment Manager's performance, thereby helping Shareholders to assess how the Company is performing against its objective:

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

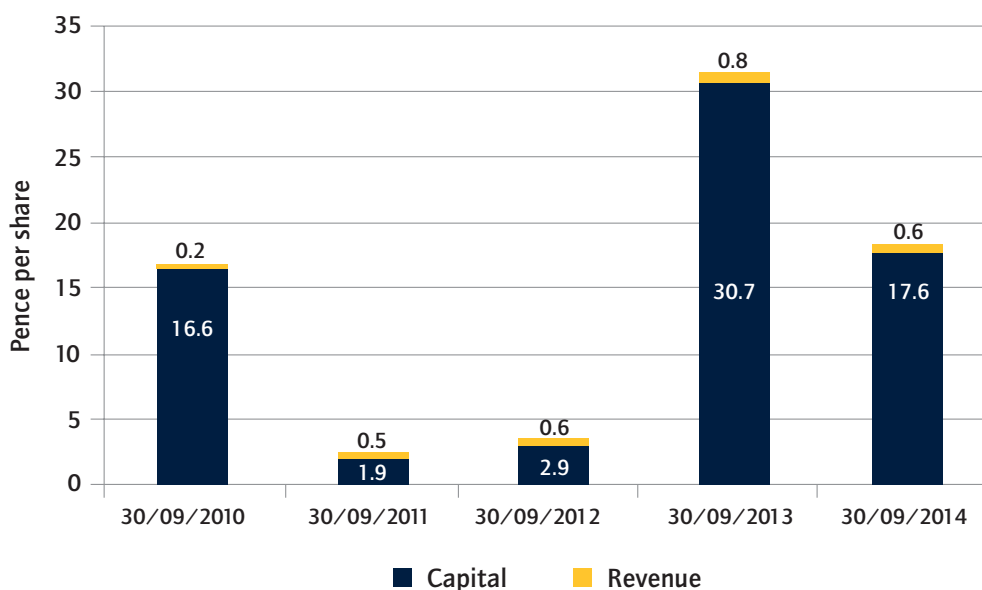


* The cumulative total Shareholder return since the merger of the Company with Unicorn AIM VCT II plc on 9 March 2010, when the NAV per share was 91.8 pence, has been 71.9 pence representing the cumulative dividends paid of 20 pence plus the increase in NAV per share of 51.9 pence since that date.

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

- **Earnings per share***

The Company's earnings per share for the year ended 30 September 2014, together with those of the previous financial years since the merger with Unicorn AIM VCT II plc in March 2010, are outlined in the graph below:



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

- **Running Costs**

The Ongoing Charges of the Company for the financial year under review represented 2.5% (2013: 2.5%) of average net assets, which remains competitive when compared with other AIM focused VCTs.

Shareholders should note that this ratio has been calculated in accordance with the Association of Investment Companies' ("AIC") recommended methodology, published in May 2012. This figure indicates the annual percentage reduction in shareholder returns as a result of recurring operational expenses. Although the Ongoing Charges figure is based on historic information, it does provide Shareholders with a guide to the level of costs that may be incurred by the Company in the future.

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

Key Events during the Year

Offer for Subscription

The Board recently launched a £15 million Offer for Subscription, with the facility to extend by a further £10 million through the subscription of up to 22.5 million Ordinary Shares.

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

The Offer opened on 17 September 2014 and will close at 12.00 noon on 30 June 2015 (unless fully subscribed by an earlier date or otherwise extended or closed at the Directors' discretion). Subscribers who wish to apply under the Offer for the 2014/2015 tax year should note that the deadline for such applications is 12.00 noon on Wednesday 1 April 2015. At the date of this report, the Company had raised £6.2 million under this offer.

A prospectus relating to this Offer has been issued and mailed to all existing Shareholders. Also, a copy of the prospectus can be downloaded from the Company's website: www.unicornaimvct.co.uk

Strategic Report

Key Policies

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

- **Dividend policy**

The Board remains committed to a policy of maintaining a steady flow of dividend distributions to Shareholders from the income and capital gains generated by the portfolio. Dividend payments paid to Shareholders during the period amounted to £3.6 million, being 6 pence per share. Since the original launch of Unicorn AIM VCT in 2001, qualifying Shareholders have, in aggregate, received approximately £33.6 million in tax free dividend distributions including those paid to former shareholders in Unicorn AIM VCT II plc.

The Board has considered the payment of a final dividend for the financial year ended 30 September 2014 and, is recommending a final dividend of 6 pence per share (income: 0.50 pence; capital: 5.50 pence) to Shareholders, payable on 20 February 2015 to Shareholders on the register on 16 January 2015.

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

- **Share buybacks and discount policy**

The Board believes that it is in the best interests of the Company and its Shareholders to make market purchases of its shares from time to time, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to reduce, to a degree, any prevailing discount to NAV in the current market price that might otherwise prevail. The Board agrees the discount to NAV at which shares will be bought back and keeps this under regular review. The Board seeks to maintain a balance between the interests of those wishing to sell their shares and continuing Shareholders.

The Company has continued to buy back shares for cancellation at various points throughout the financial year in accordance with the above policy. A total of 2,024,729 shares with a nominal value of £20,247 were purchased for cancellation during the course of the year at an average price of 121.6 pence per share for a total consideration of £2.5 million. At the financial year end, the Company's shares were quoted at a price of 130 pence representing a discount to Net Asset Value per share of 9.5%.

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

- **Principal risks and uncertainties**

The Directors also review the principal risks faced by the Company as part of the internal controls process, as

outlined below. Note 19 to the Financial Statements on pages 56 to 61 also provides information on the Company's financial risk management objectives and exposure to risks.

Risk	Possible consequence	How the Board guards against risk
Investment and strategic risk	Unsuitable investment strategy or stock selection could lead to poor returns to Shareholders.	<ul style="list-style-type: none"> • <i>Regular review of investment strategy by the Board.</i> • <i>Careful consideration of the performance of the investment portfolio on a regular basis.</i> • <i>All unquoted investments require pre-investment authorisation from the Board.</i>
Regulatory and tax risk	The Company is required to comply with the Companies Act 2006, ITA, AIFMD (as applicable to small registered UK AIFMs), UKLA Rules and UK Accounting Standards. Breaching these rules may result in a public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the ITA. Should this occur, Shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gains received if they dispose of their shares.	<ul style="list-style-type: none"> • <i>Regulatory and legislative developments are kept under review by the Board.</i> • <i>The Company's VCT qualifying status is continually reviewed by the Investment Manager and the Administrator.</i> • <i>PricewaterhouseCoopers LLP has been retained by the Board to undertake an independent VCT status ongoing monitoring role.</i>
Operational risk	The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls could lead to the misappropriation of assets.	<ul style="list-style-type: none"> • <i>Internal control reports are provided by service providers on a regular basis.</i> • <i>The Board considers the performance of the service providers annually.</i>
Fraud and dishonesty risks	Fraud may occur involving Company assets perpetrated by a third party, the Investment Manager or other service provider.	<ul style="list-style-type: none"> • <i>Internal control reports are provided by service providers on a regular basis.</i> • <i>The Administrator is independent of the Investment Manager.</i>
Financial Instrument risks	The main risks arising from the Company's financial instruments are due to fluctuations in their market prices, interest rates, credit risk and liquidity risk.	<ul style="list-style-type: none"> • <i>The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 19 on pages 56 to 61.</i>
Economic risk	Events such as recession, inflation or deflation, movements in interest rates and technological change can affect trading conditions and consequently the value of the Company's investments.	<ul style="list-style-type: none"> • <i>While no single policy can obviate such risks, the Company invests in a diversified portfolio of companies, whilst maintaining adequate liquidity.</i>

The Regulatory Environment

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

- **Human rights**

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

- **Diversity**

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

Strategic Report

- **Anti-bribery policy**

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

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

- **Environmental and social responsibility**

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

Prospects

Notwithstanding political and economic uncertainties, the outlook for the Company appears sound. The management teams of the investee companies are generally expressing cautious optimism about the prospects for delivering growth. When compared with the challenges faced in the aftermath of the 2008 financial crisis, it is also evident that many of these businesses are in a stronger position both operationally and financially than they were six years ago.

Careful stock selection and prudent portfolio management has delivered strong returns to Shareholders in recent years. The cautious, disciplined and selective approach to investing and managing the Company's assets has proven successful and will be maintained. As a consequence, there is reason to be optimistic the Investment Manager can continue to deliver market leading performance in the future.

For and on behalf of the Board

Peter Dicks

Chairman

11 December 2014

Investment Policy

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

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

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

VCT regulation

The Investment Policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC.

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

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

Asset mix

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

Borrowing

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

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

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

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



Investment Manager's Review

Performance and summary

The audited net assets of the Company as at 30 September 2014 totalled £92.2 million, equivalent to 143.7 pence per share. This compares with an audited Net Asset Value per share of 129.8 pence as at 30 September 2013. After adding back dividends paid of 6 pence per share in the period, the total return amounted to 19.9 pence for the year or 15.3% upon opening net asset value of 129.8 pence.

Alternative Investment Market ("AIM") review

Although not a representative benchmark due to its weighting in mining and oil exploration stocks, in the year ended 30 September 2014, the FTSE AIM All-Share Index delivered a disappointing total return, including dividends of -4.5%.

Having recorded a strongly positive total return in the first six months of the financial year, the Alternative Investment Market went into reverse during the second half of the financial period under review. In capital terms, all the gains made in the first half were relinquished in the second half.

Sentiment toward investing in AIM quoted companies has generally improved following recent changes in legislation. In 2013, the Government removed a restriction preventing private investors from holding AIM listed companies in their ISAs. This was followed, in 2014, by the abolition of Stamp Duty on the purchase of AIM stocks. These changes were helpful in the short term but, more importantly, are supportive for the long term success of the AIM. The most noticeable and immediate consequence of the changes was a general increase in trading volumes on AIM Indices. Greater investor interest, combined with more flexible and cost effective ownership rules led to improved liquidity, which in turn resulted in a strong period of performance for AIM quoted companies.

Unfortunately, this initial increase in trading volumes was not sustained, as political and economic concerns increased and the AIM market drifted lower in the final six months of the financial year.

The total return of the FTSE All-Share Index was +6.1%, which was significantly better than that produced by the FTSE AIM All-Share Index over the same period.

Performance Review

The financial year ended 30 September 2014, was another strong period of performance for Unicorn AIM VCT. Net Asset Value per share increased by 10.7% during the year, after payments to Shareholders of dividends totalling more than £3.5 million and payment of the annual running costs of the Company. The cost of share buy backs during the year amounted to almost £2.5 million.

The progress made during the year is in part due to the steady improvement in trading conditions experienced by many of

the investee companies held in the portfolio. As economic conditions improve, so businesses tend to see increased demand for their products and services. For well-managed, cost efficient businesses, an increase in total sales typically translates into a disproportionately large increase in underlying earnings. In turn, this growth in earnings is usually rewarded by the market in the form of positive share price development. In the year under review, this has been the environment in which our investee companies have been operating. As a consequence, a large number of them have enjoyed significant increase in their share prices. It is important to remember, however, that in order to maximise the benefit from any improvement in trading conditions, a business needs to be flexible enough to respond quickly to emerging opportunities and financially robust enough to avoid the perils of over trading, which can easily result in insolvency. In your Manager's opinion, careful stock selection and prudent portfolio management are therefore vital components if a fund focused on investing in smaller companies is to achieve long term and sustainable growth. In no small measure, it is this cautious, selective and disciplined approach to asset management, consistently applied over many years, that has enabled the Company to grow successfully to its current size of over £92 million in net assets.

The investment portfolio continues to be diversified both by number of holdings and by sector exposure. At the financial year end, the Company held 50 active VCT qualifying companies together with 23 non-qualifying investments. These investments are spread across a variety of sectors.

Activity within the portfolio was greater than usual. There were four outright disposals, seven partial disposals and thirteen new investments made during the year under review. In addition, further VCT qualifying investments were made in two of our existing holdings. Merger and acquisition activity resulted in three VCT qualifying companies being acquired by quoted competitors. In two of these, we accepted shares in the acquiring company and these investments have therefore been retained. Finally, weightings were increased in a number of non qualifying holdings.

The total book cost of purchases amounted to approximately £17.4 million, while the total value of disposals amounted to £9.5 million. The capital profits realised on disposal were £3.9 million.

A review of the main positive and negative contributors to performance in the portfolio and a summary of the main purchases and disposals made during the year follows.

Qualifying investments (bracketed figures represent the share price movement for the year under review or since the date of investment on a mid-price basis):-

Accumuli (+69%) is a provider of advanced IT security services. The management team are continuing to grow the range of services offered, acquiring Eqalis, which has significantly enhanced the group's capability in Big Data monitoring and analytics. The group also announced new contract wins with two pan European financial services organisations for technology solutions and services associated with Accumuli's Big Data monitoring and analytics capabilities. The company reported a £0.9 million pre-tax loss for the financial year ended March 2014, reflecting the costs associated with a "buy and build strategy". Nevertheless, revenues increased by 18% over the year and cash generated from operations increased by 50%.

Anpario (+84%) is an international supplier of natural, high performance feed additives to enhance health, growth and sustainability in agriculture and aquaculture. In the past twelve months, the company continued to develop sales in its target geographic regions, further increasing its international presence in major markets in Brazil, US and China. The group's financial position is healthy, with £5.7 million net cash on the balance sheet at the end of June 2014, providing a strong platform to fund investment in organic growth and to make earnings enhancing acquisitions, should opportunities arise.

Augean (+21%) is a provider of hazardous waste management services, including landfill and specialist treatment services. In March 2014, the CEO of Augean communicated the group's new strategic vision, with a clear focus on growing shareholder value by building market share and developing sustainable market positions, through delivery of highly specialised client-focused services. Progress in the delivery of the new strategy can be seen in a return to growth for the business. Highlights for Augean's most recently published interim results for the period ended 30 June 2014, include revenue growth of 7% to £24.9 million (2013: £23.4 million) and adjusted profit before tax up by 121% to £2.2 million (2013: £1.0 million).

Crawshaw (+600%) is a chain of value-orientated retail butchers. The company performed particularly well over the year, more than doubling pre-tax profits during the first half of its financial year, due to increasingly strong trading across its portfolio of stores. During the period, Crawshaw also acquired East Yorkshire Beef Ltd in May 2014, which operates a premium sector butcher's shop in Pocklington, Yorkshire. The purchase gives Crawshaw a foothold in a different sector of the market and provides a new supply chain with potential for expansion. Crawshaw continues to benefit from the supermarket horse meat scandal as increasing numbers of consumers seek to buy their meat from trusted specialists.

Dods (Group) (+77%) is focused on the provision of political information, events and publishing. Following an extended period of challenging trading, there have been a number of

changes to the board and management over the past twelve months. These changes include the appointment of a new Chairman and Chief Executive and the resignation of the Chief Financial Officer. From an operational perspective, Dods continues to invest in technology, which it is hoped will be instrumental in enabling the business to increase reliable, high retention, higher margin subscription based revenue streams. The publishing and events operations are also being restructured which is expected to improve profitability. Highlights for the financial year ended 31 March 2014, included a 17% increase in like for like revenues and a significant narrowing of pre-tax losses.

Hangar 8 (+69%) manages and operates a fleet of privately owned passenger jet aircraft. The business has continued to grow throughout the year, driven not only by growth in Hangar8's fleet of private jets under management but also by developing other value added services such as an in-house aircraft maintenance facility. This has contributed to strong growth in revenues and profitability over the past twelve months. The management team remain focused on developing a strong platform from which they can build scalable growth. The group appears well positioned to take advantage of the forecast growth in the global business aviation market.

Hayward Tyler Group (+48%) is a specialist engineering group manufacturing a range of fluid filled electric motors and pumps that are designed to operate in the harshest environments. It is pleasing to note that significant progress was made in Hayward Tyler's financial year ended 31 March 2014. On a pro-rata basis, group revenues increased by 33% to £43.2 million, while earnings grew by 121% to over 6.5 pence per share, when compared with the 15 month period ended 31 March 2013. Since reporting full year results, the group has announced a series of contract wins and has confirmed that it is to receive £1 million of grant funding from the 'Civil Nuclear Sharing in Growth' programme, which will be used for ongoing shop-floor improvements, training and business development activity over a three year period.

HML Holdings (+59%), is a property management services group based predominantly in London and the South-East. In June 2014, HML reported results for its financial year ended 31 March 2014. Highlights included revenue growth of 15% and an increase in EPS of over 27% to 2.3 pence per share. The business continues to make strong progress both through organic growth and selective acquisitions. In keeping with this strategy, the business has expanded and strengthened its geographic footprint, by acquiring competitors in Bath (Chilton Estates Management), Guildford (Alan Foster & Associates), Bolton (PR Gibbs) and Kensington (LHH Block Management). The infrastructure that the HML management team has built in recent years improves their ability to leverage market opportunities while enabling them to maintain core values of

Investment Manager's Review

transparency and professionalism that have helped establish their reputation as a trusted provider of services in a highly competitive market.

Keywords Studios (+21%) is a provider of technical services to the video game industry. Despite a disappointing start to trading following its IPO in July 2013, Keywords has since showed good progress in growing the business organically and through acquisition. In September 2014, the business released results for its half year to the end of June 2014. These results revealed a 14% growth in revenues from existing operations and total revenue growth of 99%, reflecting the impact of acquisitions. The Group continues to invest heavily in the people and facilities required to support further organic expansion with the establishment of a new office in Singapore to support the outsourcing requirements of Electronic Arts for South East Asia. The company's financial position remains strong, with net cash of £9.6 million on the balance sheet at the end of June 2014.

Mattioli Woods (+22%) is a specialist pension consultancy and wealth management business. In its financial year ended May 2014 assets under management, administration and advice increased by 27% to £4.6 billion. Financial highlights included an increase in revenue of more than 25%, EPS growth of almost 17% and a 30% increase in the proposed total dividend. The business continues to invest in people and systems, providing a strong platform for future growth.

Pressure Technologies (+84%) is a designer and manufacturer of high pressure stainless steel cylinders, which are used in a variety of specialised applications. The group reported on a period of strong trading across all three of its divisions, in its half yearly report released in June 2014. In this period, the group achieved a 38% increase in earnings to 12.7 pence per share on revenues up by 21% to almost £20 million. Pressure Technologies' financial position remains very strong with £10.5 million of net cash on the balance sheet, supported by healthy conversion of operating profits to cash flow and a £6 million oversubscribed placing of new shares. The businesses also reported order book growth of 59%, which augurs well for the future.

Redcentric (+44%) is a leading IT managed services provider. The business offers a range of IT and Cloud services designed to support organisations as they migrate from traditional IT infrastructure to the Cloud. In December 2013, Redcentric completed the acquisition of 'InTechnology Managed Services', which should prove to be a transformational acquisition that will significantly increase recurring revenues and create one of the largest independent managed services businesses in the UK. Since the acquisition, Redcentric has continued to trade well with increased order intake driving strong organic revenue growth. The integration of InTechnology is reported

to be proceeding according to plan. Redcentric paid a maiden dividend in September 2014, reflecting high levels of cash generation in the business and confirming management's positive outlook for continued growth.

Tangent Communications (+17%) is a digital marketing and printing specialist with a blue chip corporate client base, a rapidly expanding online print division and a growing reputation for service excellence. Although Tangent reported a strong set of financial results for its financial year ended 28 February 2014, management have since released a trading update which points to a slowdown in trading at their digital marketing agency, Tangent Snowball. This slowdown has been attributed to budget cuts at two key clients. As a result, Tangent Snowball has been downsized and resources have been re-channelled into Tangent's online print business, printed.com. Management expect to generate strong sales growth from printed.com, which is an online 'business to consumer' print specialist that competes directly with companies such as Vistaprint.

Tracsis (+83%) is a provider of hardware, operational planning software and consultancy services to the transportation sector. The Group announced a strong set of interim results in March 2014, which demonstrated that Tracsis is benefitting from increased demand across all areas of the business driven by record levels of investment into UK rail. In May 2014, the data collection division was awarded a £1 million contract to deliver traffic data collection for an unnamed UK transport agency. An extension on a North American pilot project with a major North American Class 1 Railroad Company has also been agreed. This pilot project is for the potential adoption of its remote condition monitoring technology.

Tristel (+163%) is a developer and manufacturer of infection control, contamination control and hygiene products. The results for the financial year ended 30 June 2014 were released in October 2014 and revealed that turnover had increased by 27.7% to £13.5 million, while pre-tax profits grew by 279% to £1.8 million. Tristel experienced a particularly strong second half period, with revenues up by 9.3% half on half, resulting in a fifth consecutive profit upgrade. The management team at Tristel believe that the business is well placed to take advantage of current trends in the global disinfection market, although it is clear from their comments that they recognise the need to invest in new products in order to fully exploit the commercial opportunities that are emerging.

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

Abcam (-20%) is a global leader in the manufacture and supply of therapeutic antibodies and protein research tools to the worldwide life science research market. After many years

of strongly positive contributions to the Company's overall performance, the holding in Abcam delivered a negative return in the period under review. Despite reporting a healthy increase in revenues and profits in their interim results for the period ended 31 March 2014, Abcam's shares were marked down as analysts worried about a slowdown in organic growth and the negative impacts of potential cuts to publicly funded, global pharmaceutical research budgets. The share price recovered somewhat following the release of results for the financial year ended 30 June 2014 which showed total revenue growth of 4.7% to £128 million. Abcam remains a highly cash generative business and at the financial year end, net cash had grown to £56.9 million (2012/13: £38.3 million). Board changes were made during the year to support the business in its next phase of growth including the appointment of Alan Hirzel as Chief Executive, to succeed Jonathan Milner who has taken the role of Deputy Chairman. In addition, Murray Hennessy, a non-executive at Abcam for the past 3 years, was appointed Chairman.

Animalcare (–23%) is a leading supplier of veterinary medicines focused on three main product groups: licensed veterinary medicines, companion identification and animal welfare products. Animalcare's results for the financial year ended 30 June 2014, showed a 6.3% increase in revenues to £12.9 million. Underlying operating profit increased by 4.4% to £2.7 million, reflecting a period of increased investment in people and infrastructure. The proposed dividend was increased to 5.5p per share, which was in line with the increase in earnings. The business maintains a strong, debt free balance sheet with net cash of £3.8 million at the financial year end.

Hasgrove (–33%) is a digital and communications services group. In May 2013, the management team concluded that that the business was of insufficient scale to support the costs associated with being publicly listed. As a result, the Board of Hasgrove announced a tender offer and subsequently delisted the company from the AIM. We did not participate in this offer and instead chose to retain the stake in Hasgrove as an investment in a privately owned, unquoted business.

Instem (–17%) is a software developer focused on the life sciences and biotechnology markets. The group has developed world leading software enabling pharmaceutical companies to collect, analyse and report large volumes of complex scientific data in an accurate and efficient manner. Instem reported a pre-tax loss of £672,000 for its six month period to 30 June 2014 as the level of new business won was lower than expected. Furthermore, management noted that whilst there were a sufficient number of potential new contracts in Q4 to meet expectations for 2014, some uncertainty existed around the receipt of a small number of high value contracts. Despite this setback, Instem has successfully integrated two

recent acquisitions that are now contributing meaningfully to revenues and management believe the company remains well positioned to benefit from improving market dynamics as pharmaceutical organisations allocate more investment to early stage development work.

Sagentia (–18%) is a science and technology consultancy services and product development business focused on the consumer, energy, industrial and medical markets. Sagentia reported a satisfactory set of interim results for the six month period ended 30 June 2014, despite being significantly affected by the strength of Sterling. Approximately 79% of the group revenues are generated overseas, particularly in the United States. As a result, financial results were affected by this material external factor and revenues, operating profits and operating margin all declined.

SnackTime (–45%) is the UK's third largest vending operator and the largest snack vending machine company in the UK and Ireland. Shares were suspended from trading on AIM on 30 September 2014 as SnackTime failed to publish its annual financial results within six months of its financial year end as required under AIM listing rules. Although the financial performance of the business has improved modestly due largely to a reduction in costs, it became apparent that a further refinancing of the group would be necessary. As a result of the suspension from trading on AIM, the value of the SnackTime shares held by the VCT was written down to zero. After the VCT's financial year end, SnackTime announced it had secured £1.8 million in new funding from a strategic investor. As a result, in November 2014, shares in SnackTime recommenced trading on AIM. This has therefore been treated as a post balance sheet event, further details of which can be found on pages 28 and 62.

Surgical Innovations (–60%) is a designer and manufacturer of innovative medical devices for use in minimally invasive surgery. In the six month period ended 30 June 2014, the group reported a pre-tax loss of £3.2 million as revenue declined by 54% when compared with its previous financial half year. Following a strategic review, a number of Board changes have been announced, including the departure of the Chief Executive, Graham Bowland with immediate effect. The Board has also taken the decision to make a significant impairment of intangible assets of £1.7 million and has made an additional inventory provision of £450,000 to cover potential product obsolescence. Despite these significant setbacks, the Board remains optimistic that a renewed focus on cash generation will enhance long-term shareholder value and deliver a stronger business to exploit growth in the medical devices market.

New VCT qualifying investments

At the financial year end the Company held over 70% of its total

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assets in VCT qualifying businesses as calculated in accordance with HMRC tax valuation rules. New VCT qualifying investments are only made if the companies concerned meet the Manager's clearly defined investment criteria. During the period eight new VCT qualifying companies were introduced to the portfolio. The new VCT qualifying investments made were as follows:-

Blue Inc is an established, profitable and fast growing UK based retailer. The group offers affordable fashion and targets a market niche, which has few direct market competitors. The Blue Inc brand vision is 'Style and Value for the under 25s' and is predominantly aimed at young urban males. The group currently operates from 240 stores in the UK. In September 2014, the Company invested £2 million in Blue Inc. The shares acquired were newly issued and received HMRC approval for VCT qualifying purposes.

City Pub Company (East and West) is an unquoted, predominantly freehold, pub business founded in December 2011. It is comprised of two operating businesses; City Pub Company East and City Pub Company West, and was established under Enterprise Investment Scheme rules to ensure tax efficient returns to private investors. The business has expanded rapidly in the last three years, such that it is now of a suitable size to support investment from institutional investors. To date, the Company has invested £2.3 million split equally between the two City Pub companies. Unicorn's most recent VCT qualifying investment of £1.3 million was made shortly after your Company's financial year end. Both City Pub companies reported encouraging interim results to the end of June 2014, with City Pub Company East reporting revenue growth of 63% and EBITDA growth of 33% and City Pub Company West reporting revenue growth of 192% and EBITDA up significantly from £0.029 million to £0.29 million. In total, across the two companies, there are now 17 pubs in operation. Over the medium term, the management team's aim is to build the estate to around 30 high quality, predominantly freehold pubs, which will probably necessitate another fundraising round in 2015.

Eclectic Bar Group (+18%) is a leading operator of premium bars in the UK. Eclectic's portfolio comprises 23 venues located in major towns and cities, predominantly targeting a customer base of students during the working week and young professionals at weekends. Eclectic trades under a variety of formats including; Embargo, Lola Lo, Sakura, Dirty Blonde, Lowlander, Coalition, Po Na Na and Fez Club. The group floated on AIM in November 2013, raising £15 million at a price of 160 pence per share. The Company participated in this flotation, making a VCT qualifying investment of £426,000. In September 2014, Eclectic announced maiden results for their financial year ended 29 June 2014, reporting a 10.1% growth in revenues to £23.3 million and a profit, before tax and exceptionals associated with the listing, of £1 million.

Hardide (+7%) is a provider of advanced surface-coating technology to a wide range of applications. In July 2014, Hardide raised £2.7 million at a price of 1.6 pence per share. The fundraising has largely been used to invest in additional capacity in the UK and a new facility in the US. The business has demonstrated good progress during the past twelve months, with performance underpinned by a new major supply contract with General Electric Company. Hardide is also currently in the latter stages of an extensive test programme with Airbus to provide an alternative coating to the hard chrome plating which is widely used in the aerospace industry but is soon to be banned under new legislation.

Heartstone Inns is a group of individual free houses in locations across Southern England. The management team of Heartstone aims to continue acquiring high quality, freehold pubs in the South West of England. To date the business has acquired, refurbished and now operates nine freehold, managed pubs. Once the freehold estate has grown to around 20 pubs, it is likely that management will seek to list the business on AIM. This process is expected to take between two to three years. All the pubs currently trading are reported to be profitable and, in the financial year ended 31 December 2013, Heartstone recorded a pre-tax profit of £117,000 on £6.4 million of sales.

ULS Technology (+25%) provides conveyancing software and services to the property, legal and financial services market. ULS floated on AIM in July 2014, raising £12.1 million in total, of which £4.6 million was in the form of new ordinary shares. The Company invested £1.5 million in VCT qualifying shares at flotation. The fund raise has enabled capital to be available to not only develop ULS's existing and new product portfolio, but has also diluted the equity stake of its largest shareholder.

PhotonStar LED Group (-19%) is engaged in the design and manufacture of smart LED lighting solutions. The group's proprietary technology Halcyon™ is a connected lighting platform that includes hardware and software for wireless, microprocessor controlled retrofit LED lighting. In short, the business is at the forefront of the emerging 'intelligent lighting' sector. The VCT made a £497,000 investment in the company in July 2014 at a share price of 7 pence. Although this investment has been made at an early stage in the development of the market for intelligent and energy efficient lighting, it has been based on the premise that PhotonStar has a range of patent protected, technology leading products, which should enable the business to capture significant share of what is expect to be a rapidly growing market. The majority of PhotonStar's revenues are expected to be concentrated in the second half of its financial year due to the seasonal nature of the housing construction market, where its main customers operate. A current expansion of the group's wholesale network is also expected to further boost sales.

Realisations

Realisations totalling £9.5 million were made in the financial year to 30 September 2014.

Two holdings from the non-qualifying portfolio were sold in the open market generating a total capital profit of £0.5 million.

Merger and acquisition activity resulted in the outright disposal of one VCT qualifying investment; Pilat Media Global.

In addition, two VCT qualifying companies were acquired by quoted competitors:-

Green Compliance, a water management business, was sold to APC Technology Group. Following an extended period of challenging trading, which necessitated a financial restructuring, the Board of Green Compliance ultimately concluded that it was in shareholders' best interests to seek a trade buyer for the business. APC, one of the UK's leading distributors of specialist electronic components and a provider of technologies developed to reduce energy consumption, acquired Green Compliance in an all share transaction, which completed in September 2014. The Company therefore received new shares in APC Technology Group in exchange for its holding in Green Compliance.

ACM Shipping Group, a ship-broking business was acquired by a quoted competitor, Braemar Shipping Services. Braemar offers specialised broking and support services for ship owners, shipbuilders, and oil companies. Braemar acquired the entire ordinary share capital of ACM Shipping for £55 million in July 2014. Unicorn AIM VCT, accepted shares in Braemar in exchange for its ACM Shipping shares and the holding is being retained in the portfolio.

Partial disposals were made in seven holdings in the portfolio, in order to lock in capital gains for potential future dividend distributions.

Including partial disposals, the total realised capital gain from the sale of investments amounted to £3.9 million.

Non-qualifying portfolio (bracketed figures represent the share price movement for the year under review or since the date of investment on a mid-price basis):-

The investments held in the non-qualifying portfolio have generally performed well in the year under review. The key contributors to performance were; DX Group (+30%), Epwin Group (+6.5%), Portmeirion Group (+32%), Renold (+49%), and the Unicorn UK Smaller Companies Fund (+11%). The holding in DX Group was acquired when the company listed on the main market in February 2014 and was subsequently sold, crystallising a capital gain of 30%.

Prospects

At the time of writing this review, the wider economic and political outlook appears increasingly uncertain both for the UK and globally. This uncertainty has been reflected in the UK equity markets, where volatility has increased markedly in recent times.

Despite this uncertainty, it has been another solid year in terms of performance and the Investment Manager is pleased with the continued development and growth of the majority of the investee companies held. The investment portfolio contains a diverse range of established and predominantly profitable businesses with good long term growth potential. The majority of these businesses have been held in the portfolio for many years and have successfully weathered various periods during which trading conditions have been extremely challenging. Your Manager has a thorough understanding of the operating models of these businesses and knows the management teams well. As a result, we remain optimistic that many of these investment holdings can continue to prosper and grow over time despite the current macro-economic and geo-political uncertainty.

The percentage of total assets held in VCT qualifying companies remains comfortably above the threshold required by HMRC and the selective approach to new investment will be maintained.

The Investment Manager remains confident that the established strategy can continue to deliver attractive returns for Shareholders over the longer term.

Chris Hutchinson

Unicorn Asset Management Limited

11 December 2014



Investment Portfolio Summary

	Date of first investment	Book cost ⁴	Original cost ⁴	Valuation	Valuation basis	Type of security
		£'000	£'000	£'000		
Qualifying investments						
AIM/PLUS quoted investments						
Abcam plc Producer and distributor of high quality protein research tools	Oct 2005	1,768	595	7,144	Bid price	Ordinary shares
Tracsis plc Developer and supplier of resource optimisation and data capture technologies to the transport industry	Nov 2007	808	770	6,426	Bid price	Ordinary shares
Anpario plc Manufacturer of natural feed additives for global agricultural markets	Nov 2006	1,585	1,449	5,209	Bid price	Ordinary shares
Mattioli Woods plc Consultants in the provision of pension and wealth management services	Nov 2005	1,680	1,329	4,288	Bid price	Ordinary shares
Crawshaw Group Yorkshire based chain of retail butchers	Apr 2007	1,538	2,000	4,002	Bid price	Ordinary shares
Pressure Technologies plc High pressure cylinder manufacturing	May 2007	980	700	3,033	Bid price	Ordinary shares
Cohort plc Provision of a wide range of technical services to clients in the defence and security sectors	Feb 2006	1,414	1,689	2,581	Bid price	Ordinary shares
Avingtrans plc Provision of precision engineering services	Oct 2004	996	996	2,241	Bid price	Ordinary shares
Idox plc Information and knowledge management software	May 2007	500	375	2,063	Bid price	Ordinary shares
ULS Technology plc Comparison software and services for the property, legal and financial services markets	July 2014	1,500	1,500	1,837	Bid price	Ordinary shares
Animalcare Group plc Specialist veterinary pharmaceuticals and animal health products	Dec 2007	1,476	688	1,713	Bid price	Ordinary shares
Accumuli plc Computer security services	Jan 2011	400	400	1,538	Bid price	Ordinary shares
Hangar 8 plc Operator of privately owned passenger jet aircraft	Nov 2010	760	760	1,335	Bid price	Ordinary shares
HML Holdings plc Residential property management	Jul 2007	431	833	1,331	Bid price	Ordinary shares
Sanderson Group plc Provider of software solutions and IT services to the multi-channel retail and manufacturing sectors	Dec 2004	895	895	1,166	Bid price	Ordinary shares
Hardide plc Advanced tungsten carbide based metal coatings for internal and external surfaces	Aug 2014	1,000	1,000	1,156	Bid price	Ordinary shares
Driver Group plc Provision of specialist commercial, project planning and dispute resolution services to the construction industry	Apr 2006	552	750	1,110	Bid price	Ordinary shares
Tristel plc Manufacturer of contamination and infection control products	Nov 2009	878	865	1,096	Bid price	Ordinary shares
Tangent Communications plc Integrator of technology, data and marketing strategies	Dec 2007	963	1,300	918	Bid price	Ordinary shares
Redcentric plc Implementation and support of enterprise software solutions	Nov 2004	393	393	783	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Pharmaceuticals & biotechnology	0.9%	7.7%	30-Jun-14	127,950	43,550	180,900	1.0%	www.abcam.com
Software & computer services	6.8%	7.0%	31-Jul-14	21,840	4,200	17,850	6.8%	www.tracsis.com
Pharmaceuticals & biotechnology	10.5%	5.6%	31-Dec-13	26,260	2,890	20,090	11.8%	www.anpario.com
Financial services	5.0%	4.7%	31-May-14	29,350	5,120	35,540	5.0%	www.mattioli-woods.com
Food & drug retailers	9.3%	4.3%	31-Jan-14	21,020	990	10,780	9.3%	www.crawshawgroupplc.co.uk
Industrial engineering	3.2%	3.3%	28-Sep-13	34,380	2,880	17,460	3.2%	www.pressuretechnologies.co.uk
Aerospace & defence	3.0%	2.8%	30-Apr-14	71,560	6,740	62,200	3.0%	www.cohortplc.com
Industrial engineering	5.7%	2.4%	31-May-14	60,270	2,530	32,660	5.7%	www.avingtrans.plc.uk
Software & computer services	1.4%	2.2%	31-Oct-13	57,320	7,510	44,690	1.4%	www.idoxplc.com
Media	5.8%	2.0%	31-Mar-14	16,300	2,340	4,410	5.8%	
Pharmaceuticals & biotechnology	6.0%	1.9%	30-Jun-14	12,880	2,670	19,450	6.0%	www.animalcaregroup.co.uk
Software & computer services	3.9%	1.7%	31-Mar-14	16,620	(940)	15,070	3.9%	www.accumuliplc.com
Industrial transportation	4.9%	1.4%	30-Jun-13	23,630	1,160	6,480	4.9%	www.hangar8.co.uk
Real estate investment & services	10.1%	1.4%	31-Mar-14	14,760	1,030	7,870	10.1%	www.hmlholdings.com
Software & computer services	3.3%	1.3%	30-Sep-13	13,830	1,940	20,900	3.3%	www.sanderson.com
Chemicals	4.7%	1.3%	30-Sep-13	2,360	(900)	620	4.7%	www.hardide.com
Support services	6.0%	1.2%	30-Sep-13	37,235	2,592	10,050	6.0%	www.driver-group.com
Healthcare equipment & services	4.0%	1.2%	30-Jun-14	13,470	1,820	12,080	4.0%	www.tristel.com
Media	8.6%	1.0%	28-Feb-14	27,032	2,326	32,115	8.6%	www.tangentuk.com
Software & computer services	0.4%	0.8%	31-Mar-14	58,320	(2,560)	87,610	0.4%	www.redcentricplc.com

Investment Portfolio Summary

	Date of first investment	Book cost ⁴	Original cost ⁴	Valuation	Valuation basis	Type of security
		£'000	£'000	£'000		
Instem plc (formerly Instem Life Science Systems plc) Information solutions for life sciences R&D	Jan 2011	985	985	777	Bid price	Ordinary shares
Omega Diagnostics plc Medical diagnostics company focused on allergy, food intolerance and infectious disease	Dec 2010	500	500	729	Bid price	Ordinary shares
Access Intelligence plc Compliance software solutions for the public and private sectors	Dec 2004	1,467	1,464	642	Bid price	Ordinary shares
Eclectic Bar Group plc Leading operator of premium bars across the UK	Nov 2013	426	426	498	Bid price	Ordinary shares
EG Solutions plc Software solutions to optimise the efficiency of back office operations	Jun 2005	406	500	441	Bid price	Ordinary shares
Keywords Studios plc Technical service provider to the global video game industry	Aug 2013	369	369	420	Bid price	Ordinary shares
Surgical Innovations Group plc Design and manufacture of minimally invasive surgical instruments	May 2007	331	643	414	Bid price	Ordinary shares
APC Technology plc (formerly Green Compliance plc) Compliance related business support services	Dec 2009	2,600	2,500	405	Bid price	Ordinary shares
Vianet plc (formerly Brulines Group plc) Provision of real-time monitoring systems and data management services	Oct 2006	584	584	380	Bid price	Ordinary shares
PHSC plc Health & Safety consultancy and training	Mar 2007	253	550	350	Bid price	Ordinary shares
PhotonStar LED Group Designer and manufacturer of intelligent LED lighting solutions for commercial and architectural markets	Jul 2014	497	497	320	Bid price	Ordinary shares
Dods (Group) plc (formerly Huveaux plc) Media group focused on political communication training and publishing	Mar 2013	1,000	1,000	260	Bid price	Ordinary shares
Dillistone Group plc Provider of software services to the executive recruitment industry	Jun 2006	106	106	247	Bid price	Ordinary shares
Grafenia plc (formerly Printing.com plc) Franchised High Street printing	Aug 2004	231	231	165	Bid price	Ordinary shares
Brady plc Provider of transaction and risk management software solutions	Dec 2010	112	112	150	Bid price	Ordinary shares
Belgravium Technologies plc Development and supply of rugged, hand-held data capture devices to the logistics sector	Sep 2005	263	350	137	Bid price	Ordinary shares
Augean plc Treatment and disposal of hazardous waste	Dec 2004	500	500	133	Bid price	Ordinary shares
Castleton Technology plc (formerly Redstone plc) Structured cabling and intelligent infrastructure management	Nov 2004	44	44	80	Bid price	Ordinary shares
Braemar Shipping Services (formerly ACM Shipping Group plc) Ship Brokers	Dec 2006	63	63	62	Bid price	Ordinary shares
Vitesse Media plc Media and events company focused on the financial and technology sectors	Nov 2007	160	400	56	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Software & computer services	4.6%	0.8%	31-Dec-13	11,360	700	4,970	4.6%	www.instem.com
Healthcare equipment & services	3.9%	0.8%	31-Mar-14	11,590	540	18,460	3.9%	www.omegadiagnostics.com
Software & computer services	9.1%	0.7%	30-Nov-13	8,390	(2,640)	6,670	9.1%	www.accessintelligence.com
Travel & leisure	2.1%	0.6%	29-Jun-14	23,329	(181)	9,972	2.1%	www.electicbars.co.uk
Software & computer services	3.6%	0.5%	31-Jan-14	4,460	(1,480)	1,460	3.6%	www.eguk.co.uk
Support services	0.6%	0.5%	31-Dec-13	13,720	970	14,650	0.6%	www.keywordsintl.com
Healthcare equipment & services	5.1%	0.4%	31-Dec-13	8,550	800	14,520	5.1%	www.sigrouplc.com
Electronic & electrical equipment	1.7%	0.4%	31-Aug-13	21,660	4,520	10,590	1.7%	www.apc-plc.co.uk
Support services	1.7%	0.4%	31-Mar-14	18,340	1,560	24,950	1.7%	www.vianetplc.com
Support services	9.8%	0.4%	31-Mar-14	7,590	660	6,440	9.8%	www.phscplc.co.uk
Household goods & home construction	5.1%	0.3%	31-Dec-13	9,420	(730)	4,270	5.1%	www.photonstarled.com
Media	1.1%	0.3%	31-Mar-14	19,780	(1,490)	29,330	1.1%	www.dodsgrouplc.com
Software & computer services	3.6%	0.3%	31-Dec-13	8,100	1,520	5,110	7.3%	www.dillistonegroup.com
Support services	1.6%	0.2%	31-Mar-14	19,440	760	5,810	1.6%	www.grafeniam.com
Software & computer services	0.2%	0.2%	31-Dec-13	29,360	930	38,890	0.2%	www.bradyplc.com
Technology hardware & equipment	2.5%	0.1%	31-Dec-13	8,430	130	11,250	2.5%	www.belgraviumtechnologies.com
Support services	3.2%	0.1%	31-Dec-13	43,488	4,200	47,954	3.2%	www.auganplc.com
Software & computer services	1.0%	0.1%	31-Mar-14	–	(1,250)	2,860	1.0%	www.castletonplc.com
Industrial transportation	0.4%	0.1%	28-Feb-14	125,530	8,960	65,290	0.4%	www.braemar.com
Media	3.2%	0.1%	31-Jan-14	2,110	(180)	1,550	3.2%	www.vitessemedia.co.uk

Investment Portfolio Summary

	Date of first investment	Book cost ⁴	Original cost ⁴	Valuation	Valuation basis	Type of security
		£'000	£'000	£'000		
SnackTime plc Operator of vending machines	Dec 2008	2,102	2,044	–	Full provision	Ordinary shares
Keycom plc Managed communication services to the education and military markets	Apr 2008	339	340	–	Full provision	Ordinary shares
		33,855	33,495	57,636		
Unlisted investments						
Access Intelligence plc – Loan stock¹ Compliance software solutions for the public and private sectors	Jun 2009	750	750	750	Cost (Reviewed for impairment)	Loan stock
SnackTime plc – Loan stock² Operator of vending machines	Dec 2008	850	850	500	Cost (Reviewed for impairment)	Loan stock
Blue Inc Fashion retail chain providing affordable, fast fashion predominantly for younger male consumers	Sep 2014	2,000	2,000	2,000	Recent investment price	Ordinary shares
Heartstone Inns A group of individual Free Houses each with a distinct character in locations across Southern England	Jun 2014	1,113	1,113	1,112	Recent investment price	Ordinary shares
Hasgrove plc Digital marketing and communication services	Nov 2006	975	1,500	687	Cost (Reviewed for impairment)	Ordinary shares
The City Pub Company (East) plc A portfolio of high quality pubs located in cities and major towns in the South East including London	Oct 2013	500	500	589	Recent investment price	Ordinary shares
The City Pub Company (West) plc A portfolio of high quality pubs located in cities and major towns in the South East including London	Oct 2013	500	500	589	Recent investment price	Ordinary shares
Optimisa plc Marketing services group providing marketing consultancy and research	Oct 2007	–	403	112	Cost (Reviewed for impairment)	Ordinary shares
Synarbor plc Public sector recruitment and services specialising in education	Apr 2004	1,000	1,000	29	Cost (Reviewed for impairment)	Ordinary shares
Centurion Electronics plc Design and distribution of in car audio-visual entertainment systems	Nov 2002	575	575	–	Full provision	Ordinary shares
		8,263	9,191	6,368		
Total qualifying investments		42,118	42,686	64,004		
Non-qualifying investments						
OEIC funds managed by Unicorn Asset Management (analysed below)	Dec 2001	2,698	2,680	5,904	Bid price	B shares
Fully listed equities						
Mears Group plc	May 2007	2,015	2,015	3,045	Bid price	Ordinary shares
Renold plc	Apr 2010	997	997	1,913	Bid price	Ordinary shares
Macfarlane Group plc	Sep 2010	531	531	880	Bid price	Ordinary shares
Microgen plc	Sep 2004	699	699	774	Bid price	Ordinary shares
Other listed entities, each valued at less than £76k	N/A	451	451	88	Bid price	Ordinary shares

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Food & drug retailers	4.3%	0.0%	31-Mar-14	18,811	(8,538)	2,698	4.3%	www.snacktime.com
Fixed line tele-communications	0.4%	0.0%	30-Sep-13	6,741	(2,520)	5,200	0.4%	www.keycom.co.uk
		62.5%						
Software & computer services	N/A	0.8%	30-Nov-13	8,390	(2,640)	6,670	N/A	www.accessintelligence.com
Food & drug retailers	N/A	0.6%	31-Mar-14	18,811	(8,538)	2,698	N/A	www.snacktime.com
Retail	6.9%	2.2%	31-Dec-13	98,685	(1,056)	3,606	6.9%	www.blueinc.co.uk
Travel & leisure	10.4%	1.2%	31-Dec-13	6,430	117	7,513	10.4%	www.heartstoneinns.co.uk
Media	13.1%	0.8%	31-Dec-13	8,434	1,892	9,015	13.1%	www.hasgrove.com
Travel & leisure	8.9%	0.6%	29-Dec-13	5,509	(315)	8,070	8.9%	www.citypubcompanyeast.com
Travel & leisure	8.9%	0.6%	29-Dec-13	3,158	(777)	7,602	8.9%	www.citypubcompanywest.com
Media	2.1%	0.1%	31-Dec-13	8,794	1,147	6,833	2.1%	www.optimisapl.com
Support services	1.6%	0.0%	31-Dec-13	23,618	1,379	12,353	1.6%	www.synarbor.com
Electronic & electrical equipment	0.1%	0.0%	30-Sep-13	2,161	6	1,223	0.1%	www.centurionsystems.co.uk
		6.9%						
		69.4%						
OEIC	N/A	6.4%					N/A	www.unicornam.com
Support services	0.7%	3.3%	31-Dec-13	865,574	21,745	180,301	0.9%	www.mearsgroup.co.uk
Industrial engineering	1.5%	2.1%	31-Mar-14	184,000	(5,900)	18,100	1.5%	www.renold.com
General industrials	2.0%	1.0%	31-Dec-13	143,871	4,720	26,424	7.6%	www.macfarlanegroup.com
Software & computer services	0.9%	0.8%	31-Dec-13	29,824	8,688	54,405	2.9%	www.microgen.com
		0.1%						

Investment Portfolio Summary

	Date of first investment	Book cost ⁴	Original cost ⁴	Valuation	Valuation basis	Type of security
		£'000	£'000	£'000		
AIM quoted entities						
Wyg plc	Dec 2013	2,138	2,138	2,120	Bid price	Ordinary shares
Augean plc	Sep 2004	1,076	1,144	1,390	Bid price	Ordinary shares
Epwin Group	Jul 2014	1,250	1,250	1,313	Bid price	Ordinary shares
Arbuthnot Banking	Jun 2014	1,165	1,165	1,060	Bid price	Ordinary shares
Hayward Tyler Group plc	Dec 2010	903	903	1,046	Bid price	Ordinary shares
Tangent Communications plc	Apr 2007	454	454	918	Bid price	Ordinary shares
Sagentia Group plc	Jun 2010	281	281	785	Bid price	Ordinary shares
Sinclair IS Pharma plc (formerly IS Pharma plc)	Mar 2008	704	732	680	Bid price	Ordinary shares
Portmeirion Group plc	Sep 2010	338	338	679	Bid price	Ordinary shares
Driver Group plc	Aug 2006	561	562	648	Bid price	Ordinary shares
Braemar Shipping Services plc (formerly ACM Shipping Group plc)	Dec 2006	535	535	523	Bid price	Ordinary shares
Alkane Energy	Sep 2014	491	491	475	Bid price	Ordinary shares
Dillistone Group plc	Jun 2006	196	195	388	Bid price	Ordinary shares
Caretech Holdings plc	Mar 2010	400	400	240	Bid price	Ordinary shares
IQE plc	May 2011	186	186	100	Bid price	Ordinary shares
Other AIM listed entities each valued at less than £55k		282	407	132	Bid price	Ordinary shares
APC Technology plc – Loan stock³ Compliance related business support services	Jul 2012	250	250	250	Cost (Reviewed for impairment)	Loan stock
Interactive Investor	Nov 2013	1,750	1,750	1,750	Recent investment price	Ordinary shares
Unlisted equities	N/A	5	5	–	Full provision	Ordinary shares
Total non-qualifying investments		20,356	20,559	27,101		
Total non-current investments		62,474	63,245	91,105		
Money market funds ⁺	Dec 2002	1	1	1	Bid price	Participating shares
Other current assets				1,360		
Current liabilities				(254)		
Net assets				92,212		
5 Largest non-qualifying investments						
Mears Group plc	May 2007	2,015	2,015	3,045	Bid price	Ordinary shares
Wyg plc	Dec 2013	2,138	2,138	2,120	Bid price	Ordinary shares
Unicorn Mastertrust Fund (OEIC)	Jun 2004	1,032	1,031	2,029	Bid price	B shares
Unicorn UK Growth Fund (OEIC)	Dec 2001	827	828	1,955	Bid price	B shares
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	839	821	1,920	Bid price	B shares

+ Disclosed within Current Investments under Current assets in the Balance Sheet.

¹ Income recognised for the year was £49,000

² Income recognised for the year was £72,000

³ Income recognised for the year was £30,000

⁴ The assets and liabilities of Unicorn AIM VCT II plc were acquired at fair value in March 2010 forming part of book cost. 'Original cost' shows original amount invested in each investee company by the Company and Unicorn AIM VCT II plc less capital repayments, if any.

Market sector	% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
Support services	3.0%	2.3%	31-Mar-14	126,914	1,777	20,087	3.0%	www.wyg.com
Support services	3.2%	1.5%	31-Dec-13	43,488	4,200	47,954	3.2%	www.augeanplc.com
Construction and materials	0.9%	1.4%	31-Dec-13	264,090	7,700	36,570	8.6%	www.epwin.co.uk
Financial services	0.7%	1.2%	31-Dec-13	N/A	15,713	86,910	6.2%	www.arbuthnotgroup.com
Industrial engineering	3.1%	1.1%	31-Mar-14	43,205	3,803	11,243	3.1%	www.haywardtyler.com
Media	8.6%	1.0%	28-Feb-14	27,032	2,326	32,115	8.6%	www.tangentuk.com
Support services	1.7%	0.9%	31-Dec-13	30,596	4,939	31,068	1.7%	www.sagentia.com
Pharmaceuticals & biotechnology	0.5%	0.7%	30-Jun-14	63,560	(4,440)	117,920	0.5%	www.sinclairpharma.com
Household goods & home construction	0.7%	0.7%	31-Dec-13	58,295	7,010	31,500	0.7%	www.portmeiriongroup.com
Support services	6.0%	0.7%	30-Sep-13	37,235	2,592	10,050	6.0%	www.driver-group.com
Industrial transportation	0.4%	0.6%	28-Feb-14	125,530	8,960	65,290	0.4%	www.braemar.com
Alternative energy	0.9%	0.5%	31-Dec-13	20,570	2,660	32,990	0.9%	www.alkane.co.uk
Software & computer services	3.6%	0.4%	31-Dec-13	8,100	1,520	5,110	7.3%	www.dillistonegroup.com
Healthcare equipment & services	0.2%	0.3%	31-Dec-13	114,320	28,090	98,740	0.2%	www.caretech-uk.com
Technical hardware & equipment	0.1%	0.1%	31-Dec-13	126,770	5,190	112,250	0.5%	www.iqep.com
Other AIM listed	0.1%	0.1%						
Electronic & electrical equipment	N/A	0.3%	31-Aug-13	21,660	4,520	10,590	N/A	www.apc-plc.co.uk
Interactive investor		1.9%						
		0.0%						
		29.4%						
		98.8%						
		0.0%						
		1.5%						
		(0.3%)						
		100.0%						
	0.7%	3.3%					0.9%	www.mearsgroup.co.uk
	3.0%	2.3%					3.0%	www.wyg.com
	10.4%	2.2%					10.4%	www.unicornam.com
	6.9%	2.1%					6.9%	www.unicornam.com
	2.7%	2.1%					2.7%	www.unicornam.com

Board of Directors

Peter Dicks

Status: Independent, non-executive Chairman.

Age: 72.

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

Length of service as at 30 September 2014: Thirteen years.

Last re-elected to the Board: 10 January 2014, standing for election at the forthcoming AGM.

Committee memberships: Audit Committee.

Remuneration 2013/14: £25,000.

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

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

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

Shareholding in the Company: 103,690 Ordinary shares.

James H Grossman

Status: Independent, non-executive Director.

Age: 75.

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

Length of service as at 30 September 2014: Five years, eight months

Last re-elected to the Board: 7 February 2013

Committee memberships: Audit Committee.

Remuneration 2013/14: £20,000.

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

Relevant relationships with investee companies: Shareholder in Anpario plc.

Shared directorships with other Directors: None.

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

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

Jeremy Hamer

Status: Independent, non-executive Director.

Age: 62.

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

Length of service as at 30 September 2014: Four years, six months.

Last re-elected to the Board: 10 January 2014.

Committee memberships: Audit Committee (Chairman).

Remuneration 2013/14: £22,500.

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

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

Shared directorships with other Directors: None.

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

Shareholding in the Company: 28,254 Ordinary shares.

Jocelin Harris

Status: Senior Independent, non-executive Director.

Age: 69.

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

Length of service as at 30 September 2014: Eight years, five months

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

Committee memberships: Audit Committee.

Remuneration 2013/14: £22,500.

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

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

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

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

Shareholding in the Company: 50,000 Ordinary shares.

Directors' Report

The Directors present the thirteenth Annual Report and Accounts of the Company for the year ended 30 September 2014 (the "Annual Report").

The Directors

Throughout the year the Board consisted of four Directors as outlined on page 26. All of the current Directors are non-executive and are independent of the Investment Manager.

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

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

The names and brief biographical details on each of the Directors are given on page 26 of this Annual Report. The letters of appointment of all the Directors will be available for inspection at the Annual General Meeting.

Peter Dicks will be subject to re-election by Shareholders at the forthcoming Annual General Meeting on 12 February 2015;

- The AIC Code of Corporate Governance ("the AIC Code") recommends that where directors have served the Company for nine or more years, they should be subject to annual re-election. Having served for thirteen years and in accordance with the AIC Code, Peter Dicks will retire by rotation and offer himself for re-election annually. Following a review of his performance, the Board agreed that Peter Dicks continued to make a substantial contribution to the Board as its Chairman and that his length of service was an asset to the Company. The remaining Directors have no hesitation in recommending his re-election to Shareholders.

Share Capital

At the year-end there were 64,168,112 (2013: 56,767,691) Ordinary shares of 1p each in issue none of which are held in Treasury. Subsequent to the year end the Company has bought back 495,000 shares and issued 4,312,888 shares. At the date of this report the Company had 67,986,000 shares in issue. All shares are listed on the main market of the London Stock Exchange.

Directors' Indemnities and Liability Insurance

The Company has, as permitted by the Companies Act 2006 and the Company's Articles of Association, maintained Directors and Officers Indemnity insurance cover on behalf of the Directors

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

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

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

- The structure of the Company's capital is summarised above and in Note 14 and the voting rights are contained on page 39. There are no restrictions on voting rights or any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights.
- There are no securities carrying special rights with regard to the control of the Company.
- The Company does not operate an employee share scheme.
- The Company's Articles of Association and the Companies Act 2006 contain provisions relating to the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares.
- No agreements exist to which the Company is a party that may affect its control following a takeover bid.
- There are no agreements in place between the Company and its Directors providing for compensation for loss of office in the event of the Company being taken over.

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

Global greenhouse gas emissions

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

Going concern

After due consideration, the Directors believe that the Company has adequate resources for the foreseeable future and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 30 September 2014, the Company held cash balances and investments in money market funds with a combined value of £1.2 million. The majority of the

Directors' Report

Company's investment portfolio remains invested in fully listed and AIM quoted equities which may be realised, subject to the need for the Company to maintain its VCT status. Cash flow projections covering a period of at least twelve months from the date of approving the financial statements have been reviewed and show that the Company has sufficient funds to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no external loan finance in place and is therefore not exposed to any gearing covenants.

Auditor's right to information

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

Substantial interests

As at 11 December 2014, the Company had not been notified of any significant interest exceeding 3% of the issued share capital.

Post balance sheet events

On 9 October 2014, £625,000 was invested in each of The City Pub Company (East) plc and The City Pub Company (West) plc, both of which are unquoted investments.

On 10 October 2014, the Company repurchased 205,000 Ordinary Shares, representing 0.3% of the share capital in issue, for cancellation at a total cost of £266,000 equivalent to 129.9 pence per share.

On 15 October 2014, 796,024 Ordinary shares were allotted at prices ranging from 145.2 to 148.9 pence per share, raising net funds of £1.1 million.

On 6 November 2014, the Company repurchased 150,000 Ordinary Shares representing 0.2% of the share capital in issue, for cancellation at a total cost of £191,000 equivalent to 127.3 pence per share.

On 7 November 2014, 953,147 Ordinary Shares were allotted at prices ranging from 141.9 to 147.1 pence per share raising net funds of £1.4 million.

On 8 December 2014, the Company repurchased 140,000 Ordinary Shares representing 0.2% of the share capital in issue, for cancellation at a total cost of £179,000 equivalent to 127.6 pence per share.

On 9 December 2014, 2,563,717 Ordinary Shares were allotted at prices ranging from 143.9 to 149.9 pence per share raising net funds of £3.7 million.

The ordinary shares of SnackTime plc which had been suspended and valued at nil at the balance sheet date recommenced trading on 14 November 2014.

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11.30am on 12 February 2015 at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN is set out on pages 64 to 67 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report. The following notes provide an explanation of a number of the Resolutions that will be proposed at the meeting. Resolutions 1 to 7 will be proposed as ordinary resolutions requiring the approval of more than 50% of the votes cast at the meeting to be passed and Resolutions 8 and 9 will be proposed as special resolutions requiring the approval of more than 75% of the votes cast at the meeting to be passed. Resolutions 7 to 9 are the usual resolutions that have been obtained in previous years and are in substitution for existing authorities, Resolutions 7 and 8 being intended, inter alia, to enable the issue of shares pursuant to the current offer for subscription, as detailed below. The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

Re-appointment of Director

The notice of the meeting includes a resolution to re-appoint Peter Dicks as a Director of the Company. The Board believes that Peter Dicks brings valuable skill, experience and expertise to the Company and recommends that Shareholders vote in favour of the resolution relating to his re-election.

Re-appointment of Auditors

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

Allotment of shares

The authority proposed under Resolution 7 will authorise the Directors to allot shares or grant rights to subscribe for or to invest in shares in the Company generally, in accordance with section 551 of the Companies Act 2006 (the "Act"), up to an aggregate nominal amount of £339,930 representing 50% of the issued share capital at the date of this report. This authority, unless previously renewed or revoked, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016, except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of this authority.

Disapplication of pre-emption rights

Under section 561 of the Act, if the Directors wish to allot any new shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings. Subject to the passing of Resolution 7, Resolution 8 will enable the Directors to allot equity securities for cash without first offering the securities to existing Shareholders in certain circumstances. Resolution 8 proposes that the disapplication of such pre-emption rights be sanctioned in respect of the allotment of equity securities:

- i) with an aggregate nominal value of £271,944 in connection with offer(s) for subscription; and
- ii) with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time

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

The authority conferred under this resolution, unless previously renewed or revoked, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016 and, in conjunction with Resolution 7, will provide the Board with the authority to issue shares in connection with the current offer for subscription referred to in the Strategic Report.

Authority for the Company to purchase its own shares

Resolution 9 authorises the Company to purchase its own shares pursuant to section 701 of the Act. The authority is limited to an aggregate of 10,191,101 shares being purchased (representing approximately 14.99% of the Company's issued share capital at the date of this Annual Report), or if lower, such number of shares (rounded down to the nearest whole share) as shall equal 14.99% of the issued share capital at the date the resolution is passed. The maximum price that may be paid for a share will be the higher of (i) an amount that is not more than 5% above the average of the middle market quotations of the shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding such purchase and (ii) the price stipulated by Article 5(i) of the Buy Back and Stabilisation Regulations. The minimum price that may be paid for a share is 1p, being the nominal value thereof.

Purchases of shares will only be made on the London Stock Exchange and only in circumstances where the Board believes that they are in the best interests of the Shareholders generally. Furthermore, purchases will only be made if the Board believes that they would result in an increase in net asset value per share and earnings per share. If the Company makes any purchases of its own shares under Resolution 9, the Board currently intends to cancel those shares.

The authority conferred under this resolution, unless previously renewed or revoked, will expire on the date falling 15 months after the passing of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016, except that the Company may purchase its own shares after this date in pursuance of a contract or contracts made prior to the expiration of this authority.

At the Annual General Meeting held on 10 January 2014 Shareholders gave authority for the Company to buy back a total of 8,522,280 of its own shares. The Company has since repurchased and cancelled 1,749,729 shares and therefore has remaining authority to repurchase 6,772,551 shares.

By order of the Board

ISCA Administration Services Limited

Company Secretary

11 December 2014



Directors' Remuneration Report

This Directors' Remuneration Report has been prepared by the Directors in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 and the Companies Act 2006. The Company's Independent Auditor is required to give its opinion on the specified information provided on Directors' emoluments (see below) and this is explained further in their report to Shareholders on pages 41 and 42. Shareholders are encouraged to vote on the Remuneration Report annually at the AGM and on the Remuneration Policy at least every three years. The Board will take Shareholders' views into consideration when setting remuneration.

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

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

During the year to 30 September 2014, the Board reviewed its existing remuneration levels, having considered the remuneration payable to non-executive directors of comparable VCTs and the increasing regulatory requirements with which the sector is required to comply. Following a review, the Board agreed to increase Directors' fees by 2% from 1 October 2014. For the year ended 30 September 2015, Directors' fees will be increased to £25,500 for the Chairman of the Board, £22,950 for the Chairman of the Audit Committee and the Senior Independent Director and £20,400 for the other Director.

Annual Remuneration Report

The purpose of this Report is to demonstrate the method by which the Board has implemented the Company's Remuneration Policy (see page 31) and provide Shareholders with specific information in respect of the Directors' remuneration. A resolution to approve the Remuneration Report will be put forward at the 2015 AGM, where Shareholders will have an advisory vote on the approval of the Report.

At the Annual General Meeting held on 10 January 2014 the following votes were cast were on the Remuneration Report:

	Number of votes	% of votes cast
For	2,679,783	88.5%
Against	131,298	4.3%
At Chairman's discretion	219,142	7.2%
Total votes cast	3,030,223	100.0%
Number of votes withheld	109,498	

The Remuneration Policy was approved by the Shareholders at the Annual General Meeting held on 10 January 2014 and will remain in force for three years unless Shareholders approve an amendment.

Votes cast were as follows:

	Number of votes	% of votes cast
For	2,705,769	89.3%
Against	143,272	4.7%
At Chairman's discretion	182,804	6.0%
Total votes cast	3,031,845	100.0%
Number of votes withheld	107,876	

Directors' interests

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

Director	30 September 2014		30 September 2013	
	Shares	% of share capital	Shares	% of share capital
Peter Dicks	103,690	0.16%	96,695	0.17%
James Grossman	5,000	0.01%	5,000	0.01%
Jeremy Hamer	28,254	0.04%	28,254	0.05%
Jocelin Harris	50,000	0.08%	50,000	0.09%

There have been no changes in the Directors' interests since 30 September 2014. No options over the share capital of the Company have been granted to the Directors.

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

Pensions (audited information)

None of the Directors receive pension benefits from the Company.

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

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

Directors' emoluments (audited information)

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

The table below sets out in respect of the financial year ended 30 September 2014 and the preceding financial year:

The remuneration paid to the Directors; and distributions made to Shareholders by way of a dividend.

	Year ended 30 September 2014 £	Year ended 30 September 2013 £	Growth %
Total remuneration	90,000	85,288	5.5%
Dividend paid	3,555,000	2,861,000	24.3%

	Total Directors' fees	
	Year ended 30 September 2014 £	Year ended 30 September 2013 £
Peter Dicks	25,000	22,500
Malcolm Diamond	N/A	5,288
James Grossman	20,000	17,500
Jeremy Hamer	22,500*	20,000*
Jocelin Harris	22,500	20,000
TOTAL	90,000	85,288

* £16,000 (2013: £14,250) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited

The Directors received no further emoluments in respect of their services. During the year under review, claims for expenses were £777 (2013: £296) and aggregate fees for all Directors amounted to £90,000 (2013: £85,288).

Total Shareholder return performance graph

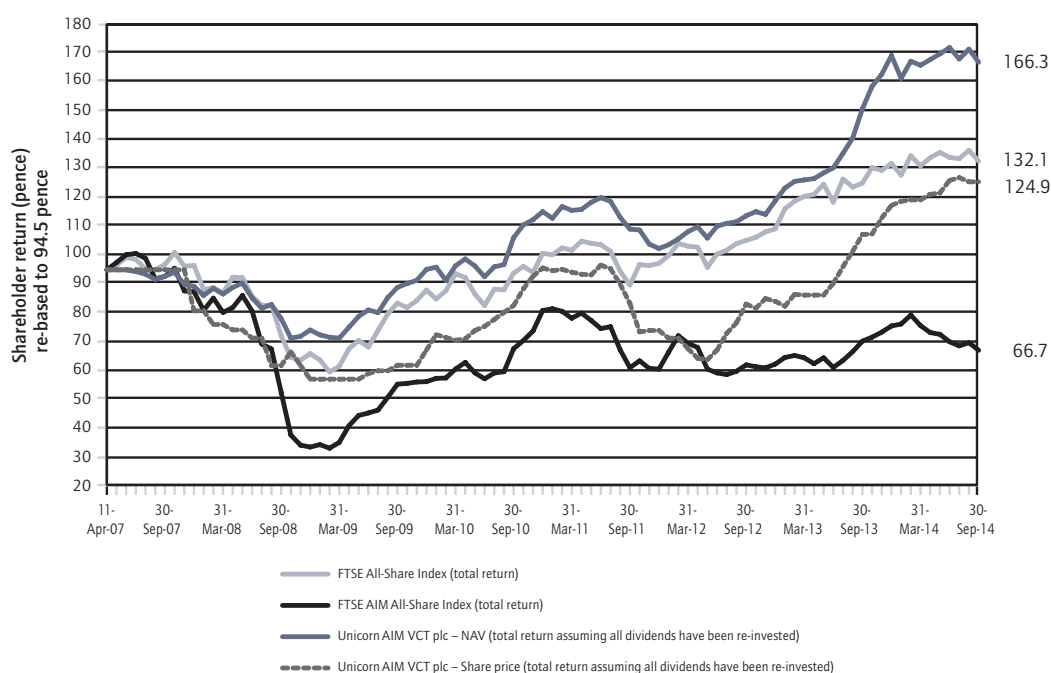
The following graph charts the total cumulative shareholder return of the Company since the new Ordinary shares (formerly S3 Shares) were first admitted to the Official List of the UK Listing Authority on 11 April 2007 (assuming all dividends are re-invested) compared to the total cumulative shareholder return

of both the FTSE All-Share and the FTSE AIM All-Share Indices. These indices represent the broad equity market against which investors can measure the performance of the Company and are thus considered the most appropriate benchmarks. The NAV total return per share has been shown separately in addition to the information required by law because the Directors believe it is a more accurate reflection of the Company's performance.

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

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

Ordinary shares (formerly S3 Share Fund)



An explanation of the performance of the Company is given in the Chairman's Statement on pages 2 and 3, in the Strategic Report on pages 4 to 10 and in the Investment Manager's Review on pages 12 to 17.

Remuneration Policy

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

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

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

Directors' Remuneration Report

Basis of Remuneration

All of the Directors are considered to be independent and non-executive and it is not considered appropriate to relate any portion of their remuneration to the performance of the Company and performance conditions have not been set in determining their level of remuneration. As the Company has no employees, it is not possible to take account of the pay and employment conditions of employees when determining the levels of the Directors' remuneration. The Company's Articles of

Association limit the aggregate amount that can be paid to the Directors in fees to £120,000 per annum.

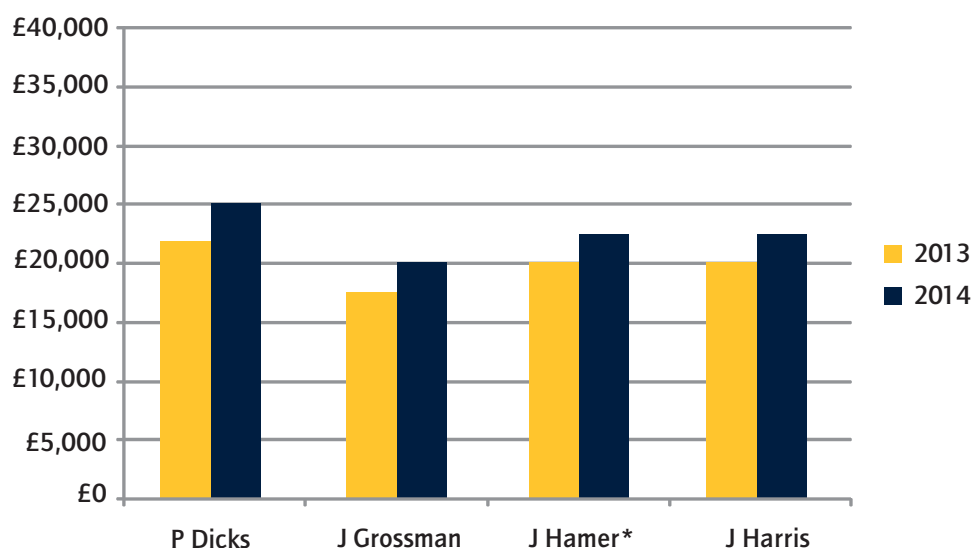
The table below shows the expected maximum payment that can be received per annum by each Director for the year to 30 September 2015, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Director	Role	Components of Pay Package	Expected fees for the year to 30 September 2015	Performance conditions	Company Strategy	Remuneration Policy
Peter Dicks	Chairman	Basic salary	£25,500	N/A	To invest in companies which have a demonstrable record of profitability and positive cash generation.	The levels of remuneration are considered to be sufficient to attract, retain and motivate directors with the required ability to review and challenge the Investment Manager's performance in implementing the Company's strategy.
James H Grossman	Director		£20,400			
Jeremy Hamer	Chairman of the Audit Committee		£22,950			
Jocelin Harris	Senior Independent Director		£22,950			

* The Directors have reviewed the fees payable and with the increase in their regulatory and other responsibilities, the Board approved an increase of 2% per annum for each of the current Directors with effect from 1 October 2014.

The bar chart below demonstrates the total remuneration package for each Director for the year under review. As the Directors are independent non-executives, their total

remuneration comprises fees only as it is not deemed appropriate to award variable elements of pay.



* £16,000 (2013: £14,250) of Jeremy Hamer's fee was paid to his consultancy business Fin Dec Limited.

Terms of Appointment

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

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

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

By order of the Board

ISCA Administration Services Limited

Secretary

11 December 2014



Corporate Governance Statement

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2013 (the "AIC Code") for the financial year ended 30 September 2014. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

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

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

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

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

Compliance with the UK Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code 2013 except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

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

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

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

The Board

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

Details of the Chairman's other significant time commitments are disclosed on page 26 of this Annual Report.

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

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

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

Director's attendance at Board and Committee meetings

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

Director	Board	Audit Committee
Peter Dicks	4	4
James H Grossman	4	4
Jeremy Hamer	4	4
Jocelin Harris	4	4

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

Tenure

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

	Date of appointment	Last retirement by rotation/ re-election	Next retirement by rotation/ re-election due
Peter Dicks	1 October 2001	AGM 10 January 2014	AGM 2015
James H Grossman	15 January 2009	AGM 7 February 2013	AGM 2016
Jeremy Hamer	9 March 2010	AGM 10 January 2014	AGM 2017
Jocelin Harris	25 April 2006	AGM 7 February 2013	AGM 2016

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

Independence of Directors

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that, all of the Directors are independent of the Investment Manager. Peter Dicks is a non-executive director and shareholder in Mears Group plc and Interactive Investor, two of the Company's investee companies. Peter Dicks is also a shareholder in one other investee company, Keycom plc. Jocelin Harris is the Chairman of, and a shareholder in, Keycom plc, holding less than 1% of the issued share capital and has a beneficial interest in Mears Group plc and Interactive Investor.

James Grossman has a shareholding in Anpario plc, holding less than 0.02% of the issued share capital of that company. Jeremy Hamer is the Executive Chairman of SnackTime plc, holding 0.4% of the issued share capital and is also a director and shareholder of the investee companies Access Intelligence plc and Avingtrans plc, holding 2.6% and 0.4% of their respective share capitals.

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

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

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

The Board aims to include a balance of skills and experience that the Directors believe to be appropriate to the management of the Company. The Chairman fully meets the independence criteria as set out in the AIC Code. The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Board. During the year the Board also carried out a performance evaluation by way of a questionnaire and discussion led by the Senior Independent Director, and considered performance in relation to specific headings such as,

Corporate Governance Statement

balance of skills, experience, independence and knowledge of the Company by the Board. It is the intention of the Board that the evaluation process will be led by an external party in 2015.

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

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

Management

Investment Manager

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

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

The Directors regularly review the investment performance of the Investment Manager. Terms of the investment services agreement and policies with the Investment Manager covering key operational issues are reviewed at least annually. In particular, the terms of the Investment Manager's appointment were reviewed following the merger with Unicorn AIM VCT II plc and the issues raised by a number of Shareholders concerning the term and incentive arrangements with the Investment Manager were taken into account. The Board believes that the continued appointment of the Investment Manager remains in Shareholders' best interests and the investment criteria remain appropriate. Furthermore, the Board remains satisfied with the Investment Manager's investment performance. For a summary of the performance of the Company please see the Investment Manager's Review and the Investment Portfolio Summary on pages 12 to 25 and the Financial Highlights on page 1. Details of the management fee and incentive fee arrangements with the Investment Manager are set out in Note 3 to the accounts on page 48. The Board and the Investment Manager aim to operate in a co-operative and open manner not withstanding the Board maintaining its oversight obligations.

Company Secretary and Company Administrator

Matrix-Securities Limited was appointed as both Company Secretary and Company Administrator to the Company under an agreement dated 1 October 2001. This agreement was superseded by a revised Agreement on 9 March 2010 following completion of the merger with Unicorn Aim VCT II plc. The Company agreed to Matrix-Securities Limited novating its secretarial services, administration and accountancy services agreement to Matrix Private Equity Partners LLP on 29 May 2012. Following a change in the ownership structure of Matrix Private Equity Partners LLP, the Company Secretary and Company Administrator changed its name to Mobeus Equity Partners LLP on 29 June 2012. Mobeus gave notice of its wish to cease to act as Company Secretary and Administrator and on 1 September 2014 ISCA Administration Services Limited was appointed in its place.

Corporate Broker

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

VCT status monitoring

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

Internal controls

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

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

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

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

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

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

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

The procedure for regular interim and full review of control systems has been in place and operational throughout the period under review. The last formal annual review took place on 21 November 2014. The Board has identified no significant issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Report of the Audit Committee

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

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

During the year under review, the Committee has:

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

Financial Statements

The Committee has initial responsibility for reviewing the financial statements and reporting on any significant issues that arise in relation to the audit of the financial statements as outlined below. Such issues were discussed with the External Auditor and Administrator at the audit planning meeting prior

Corporate Governance Statement

to the year end and at the completion of the audit of the financial statements. No major conflicts arose between the Committee and the External Auditor in respect of their work during the period.

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

The valuation of the Company's quoted and unquoted investments

Valuations of AIM quoted and unquoted investments are prepared by the Investment Manager. The Committee reviewed the estimates and judgements made in relation to the unquoted investments and was satisfied they were appropriate. The Committee also discussed the controls in place over the valuation of the quoted investments and the judgements made when considering if any losses on investments held were realised and were satisfied that no further permanent impairments were necessary.

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

Revenue Recognition

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

Completeness and control of expenditure

The Committee reviewed the process in place for determining the Company's expenditure and a budget for such costs was approved for the year. It noted that, in accordance with agreed policy, all payments over £7,500 have been authorised by at least one Director and any payments under this threshold have been authorised by the Administrator. The Committee has also monitored the level of payments against budget and all other key expenditure has been agreed by the Committee in advance.

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

Relationship with the External Auditor

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

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

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

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

The Committee considered the appointment of the current auditor and confirmed that it is satisfied with the standard of service received. Should the Committee be dissatisfied, a tender process would be undertaken. A tender was last undertaken when the Company was incorporated in 2001, although there has been rotation of the engagement partners in the current year in accordance with the Auditors' Ethical Standards. A tender has not been undertaken since this date as the Committee has been satisfied with the performance of the External Auditor.

Non-audit services

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

The Company's policy for the provision of any non-audit services by the Company's External Auditor requires proposed services to be approved in advance by the Committee following a full and thorough assessment and consideration of any potential threats

to auditor independence. The safeguards that are in place to protect the independence and objectivity of the External Auditor are also considered.

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

Having regard to all of the relevant factors, the Committee has recommended to the Board that, subject to Shareholder approval at the 2015 AGM, BDO LLP be re-appointed as the External Auditor of the Company for the forthcoming year.

Further Disclosures

Amendment of the Company's Articles of Association

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

Share capital and voting rights

Details of the Company's share capital can be found on page 27 and in Note 14 and substantial shareholdings can be found in the Directors' Report on page 28. The voting rights of Shareholders are set out below:

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

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

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

Powers of the Directors

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

Relations with Shareholders

Communication with Shareholders is considered a high priority.

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

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

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

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

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

By order of the Board

Isca Administration Services Limited

Secretary

11 December 2014



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Directors Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required and have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

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

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

Under applicable law regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

The Directors confirm, to the best of their knowledge:

- (a) that the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Companies and Venture Capital Trusts' give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) that the management report, comprising the Chairman's Statement, the Strategic Report, the Investment Manager's Review, the Investment Portfolio Summary and the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

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

The names and functions of all the Directors are stated on page 26.

For and on behalf of the Board:

Peter Dicks

Chairman

11 December 2014

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

We have audited the financial statements of Unicorn AIM VCT plc for the year ended 30 September 2014 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

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

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

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

We also assessed the design and the implementation of the controls over the pricing of quoted investments and agreed the pricing of a sample of quoted investments to independent sources.

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

We assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid. We also tested dividends receivable, to expectations set from independent published data on dividends declared by the investee companies held in the reporting period. We sample tested the categorisation of dividends received from investee companies between revenue and capital.

The Audit Committee's consideration of these key issues is set out on page 38.

Purpose of this report

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Our application of materiality

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

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

misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements.

We determined planning materiality for the financial statements as a whole to be £910,000. In determining this, we based our assessment on a percentage of gross assets which reflects the underlying level of precision within the valuation of the investment portfolio and the range of reasonably possible alternative valuations that could be expected to apply to the unquoted investments. On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of planning materiality, namely £680,000. Our objective in adopting this approach is to ensure that total detected and undetected audit differences do not exceed our planning materiality of £910,000 for the financial statements as a whole.

International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality to apply to those classes of transactions and balances which impact on the costs and the net realised returns of the Company. We determined materiality for this area to be £120,000.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £18,200, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 34 to 39 of the Annual Report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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

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

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

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on pages 27 and 28, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review

We have nothing to report in respect of these matters.

Rhodri Whitlock (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
11 December 2014

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

Income Statement

for the year ended 30 September 2014

	Notes	Year ended 30 September 2014			Year ended 30 September 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised gains on investments	9	–	8,048	8,048	–	17,167	17,167
Net gains on realisation of investments	9	–	3,855	3,855	–	1,191	1,191
Income	2	1,232	–	1,232	1,174	–	1,174
Investment management fees	3	(382)	(1,145)	(1,527)	(265)	(795)	(1,060)
Other expenses	4	(500)	–	(500)	(469)	–	(469)
Profit on ordinary activities before taxation		350	10,758	11,108	440	17,563	18,003
Tax on profit on ordinary activities	6	–	–	–	–	–	–
Profit on ordinary activities after taxation for the financial year		350	10,758	11,108	440	17,563	18,003
Basic and diluted earnings per share:							
Ordinary shares	8	0.57p	17.60p	18.17p	0.77p	30.71p	31.48p

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

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

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

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

The notes on pages 46 to 62 form part of these financial statements.



Balance Sheet

Company number 04266437

for the year ended 30 September 2014

	Notes	30 September 2014		30 September 2013	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value	9		91,105		70,596
Current assets					
Debtors	11	190		836	
Current investments	12	1		154	
Cash at bank	18	1,170		2,406	
		1,361		3,396	
Creditors: amounts falling due within one year	13	(254)		(319)	
Net current assets			1,107		3,077
Net assets			92,212		73,673
Capital					
Called up share capital	14		642		568
Capital redemption reserve	15		24		4
Share premium account	15		13,372		18
Revaluation reserve	15		32,320		24,979
Special reserve	15		34,402		38,104
Profit and loss account	15		11,452		10,000
Equity Shareholders' funds			92,212		73,673
Net asset value per share of 1 pence each:					
Ordinary shares	16		143.70p		129.78p

The financial statements on pages 43 to 62 were approved and authorised for issue by the Board of Directors on 11 December 2014 and were signed on their behalf by:

Peter Dicks

Chairman

The notes on pages 46 to 62 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2014

	Notes	30 September 2014 £'000	30 September 2013 £'000
Opening Shareholders' funds at 1 October 2013		73,673	58,997
Share capital bought back in the year – including expenses	15b	(2,462)	(9,858)
Share capital raised – net of expenses	15a	13,448	9,392
Profit for the year		11,108	18,003
Dividends paid	7	(3,555)	(2,861)
Closing Shareholders' funds at 30 September 2014		92,212	73,673

Cash Flow Statement

for the year ended 30 September 2014

	Notes	30 September 2014 £'000	30 September 2013 £'000	
Operating activities				
Investment income received		1,209	1,203	
Investment management fees paid		(1,527)	(1,060)	
Other cash payments		(578)	(502)	
Net cash outflow from operating activities	17		(896)	
Investing activities				
Purchase of investments	9	(17,380)	(3,491)	
Sale of investments	9	9,456	8,529	
			(7,924)	
Equity dividends				
Dividends paid	7		(3,555)	
Net cash (outflow)/inflow before liquid resource management and financing			(12,375)	
Management of liquid resources				
Decrease in current investments	18		153	
Financing				
Shares issued as part of Offer for Subscription (net of transaction costs)	15a	13,448	1,400	
Shares issued as part of Enhanced Buyback Facility		–	250	
Shares bought back as part of Enhanced Buyback Facility (including expenses)		–	(391)	
Shares bought back	15b	(2,462)	(1,769)	
			10,986	
Net (decrease)/increase in cash	18		(1,236)	
			566	
			(510)	
			1,874	

The notes on pages 46 to 62 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2014

1 Accounting policies

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

a) Basis of accounting

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

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

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

b) Presentation of the Income Statement

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

c) Investments

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

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

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVVCV guidelines and in accordance with FRS 26:

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
 - (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).
- or:-
- b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are recognised at fair value when the Company receives the right to the premium and when considered recoverable.
 - (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

d) Income

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

e) Capital reserves

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

The following are accounted for in this reserve:

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

(ii) Revaluation reserve (Unrealised capital reserve)

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

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

(iii) Special reserve

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

f) Expenses

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

g) Taxation

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

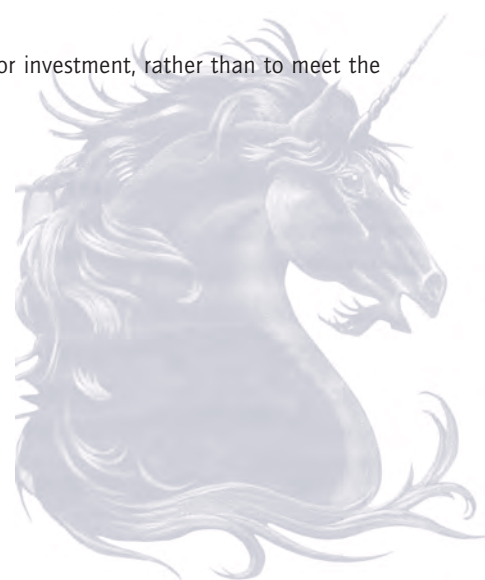
Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

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

h) Liquid resources

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



Notes to the Financial Statements

for the year ended 30 September 2014

2 Income

	2014 £'000	2013 £'000
Income from investments		
– from equities	1,016	984
– from loan stocks	168	147
– from money-market funds and Unicorn managed OEICs	48	43
Total income	1,232	1,174
Total income comprises:		
Dividends	1,064	1,027
Interest	168	147
	1,232	1,174
Income from investments comprises:		
Listed UK securities	83	178
Listed Overseas securities	–	1
Unlisted UK securities	1,149	995
	1,232	1,174

3 Investment Manager's fees

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Unicorn Asset Management Limited	382	1,145	1,527	265	795	1,060

Unicorn Asset Management Limited ("UAML") receives an annual management fee of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, which are also managed by UAML. The annual management fee charged to the Company is calculated and payable quarterly in advance. In the year ended 30 September 2014, UAML also earned fees of £69,000 (2013: £115,000), being OEIC management fees calculated on the value of the VCT's holdings in each OEIC on a daily basis. This management fee is 0.75% per annum of the OEIC value for each of Unicorn Smaller Companies OEIC, Unicorn UK Growth OEIC (formerly Unicorn Free Spirit OEIC) and Unicorn Mastertrust OEIC.

The management fee will be subject to repayment to the extent that there is an excess of the annual costs of the Company incurred in the ordinary course of business over 3.6% (currently 2.5%) of the closing net assets of the Company at the year end. Any amount repayable will be paid by the Manager within 5 business days of the approval of the annual accounts for the relevant year-end, or set off against the next quarterly fee instalment payable to the Manager following such approval. There was no excess of expenses for this year or the prior year.

Under an Amended Incentive Agreement with UAML dated 12 April 2010 (which replaces all previous incentive agreements), the Investment Manager is entitled to a performance incentive fee of 20% of any cash distributions (by dividend or otherwise) paid to Shareholders in excess of 6 pence per Ordinary share paid in any accounting period – "the target return" and subject to the maintenance of a net asset value (NAV) per share of 125 pence or more, as calculated in the annual report and accounts for the year relating to such payments. The target return applies for accounting periods starting after 1 October 2010. In the event that the target return of 6 pence per share is not paid in a particular accounting period, the shortfall of such distributions will be carried forward to subsequent accounting periods and any incentive fee will not be payable until this shortfall is met. No incentive fee is payable for the year ended 30 September 2014 and none was paid for the year ended 30 September 2013.

4 Other expenses

	2014 £'000	2013 £'000
Directors' remuneration (including NIC)	96	93
IFA trail commission	39	18
Administration services	163	169
Broker's fees	14	14
Custody fees	30	7
Auditors' fees – for audit related services pursuant to legislation	23	23
– for taxation services	4	4
– other assurance services pursuant to regulation	5	3
Tax monitoring fees	11	11
Professional fees	12	27
Directors' insurance	6	8
Registrar's fees	32	29
Printing	24	29
Sundry	41	34
	500	469

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

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

5 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments		
Peter Dicks	25	22.5
Jocelin Harris	22.5	20
James Grossman	20	17.5
Jeremy Hamer	22.5	20
Malcolm Diamond	–	5
	90	85
Employer's NIC and VAT	6	8
	96	93

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

The Company has no employees.

Notes to the Financial Statements

for the year ended 30 September 2014

6 Taxation on ordinary activities

a) Analysis of tax charge in the year

	2014 £	2013 £
Current and total tax charge (Note 6b)	–	–

b) Factors affecting tax charge for the year:

	2014 £	2013 £
Profit on ordinary activities before tax	11,108	18,003
Profit on ordinary activities multiplied by standard small profits rate of corporation tax in the UK of 20.0% (2013: 20%)	2,222	3,601
Non-taxable UK dividend income	(203)	(205)
Non-taxable unrealised gains	(1,610)	(3,433)
Non-taxable realised gains	(771)	(238)
Allowable expense not charged to revenue	229	159
Disallowable expenses	–	3
Losses carried forward	133	113
Actual current charge – revenue	–	–
Impact of allowable expenditure credited to capital reserve	(229)	(159)
Additional losses carried forward to future years	229	159
Actual current charge – capital	–	–
Current tax charge for the year	–	–

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

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

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The amount of surplus management expenses is £2,790,000 (30 September 2013: £2,428,000).

7 Dividends

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the year:		
Final capital dividend of 5.25 pence (2013: 4.50 pence) per share for the year ended 30 September 2013 paid on 31 January 2014	3,110	2,576
Final income dividend of 0.75 pence (2013: 0.5 pence) per share for the year ended 30 September 2013 paid on 31 January 2014	445**	285
	3,555	2,861

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

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

	2014 £'000	2013 £'000
Revenue available for distribution by way of dividends for the year	350	440
Proposed final income dividend of 0.50 pence (2013: 0.75 pence) for the year ended 30 September 2014	340*	426**

* Based on 67,986,000 shares in issue at the date of this report.

** The amount actually paid in dividends for 30 September 2013 differs to that shown in last years Annual Report as 2,475,153 shares were issued between 1 October 2013 and the record date of 27 December 2013.

8 Basic and diluted earnings and return per share

	2014 £'000	2013 £'000
Total earnings after taxation:	11,108	18,003
Basic and diluted earnings per share (Note a)	18.17p	31.48p
Net revenue from ordinary activities after taxation	350	440
Revenue earnings per share (Note b)	0.57p	0.77p
Net unrealised capital gains	8,048	17,167
Net realised capital gains	3,855	1,191
Capital expenses	(1,145)	(795)
Total capital return	10,758	17,563
Capital earnings per share (Note c)	17.60p	30.71p
Weighted average number of shares in issue in the year	61,135,718	57,190,640

Notes

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

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

Notes to the Financial Statements

for the year ended 30 September 2014

9 Investments at fair value

	Fully listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted loan stock £'000	Unicorn OEIC funds £'000	Total £'000
Book cost at 30 September 2013	4,563	35,295	2,631	2,050	4,766	49,305
Unrealised gains/(losses) at 30 September 2013	1,689	18,283	126	(100)	4,981	24,979
Permanent impairment in value of investments	(207)	(1,930)	(1,551)	–	–	(3,688)
Valuation at 30 September 2013	6,045	51,648	1,206	1,950	9,747	70,596
Purchases at cost	554	14,363	5,862	250	–	21,029
Sale proceeds	(725)	(6,562)	(22)	(450)	(4,711)	(12,470)
Realised gains/(losses)	93	3,299	(18)	100	428	3,902
Increase/(decrease) in unrealised appreciation	733	7,385	(160)	(350)	440	8,048
Closing valuation at 30 September 2014	6,700	70,133	6,868	1,500	5,904	91,105
Book cost at 30 September 2014	4,693	44,815	8,418	1,850	2,698	62,474
Unrealised gains/(losses) at 30 September 2014	2,214	27,248	1	(350)	3,206	32,319
Permanent impairment in value of investments (see note)	(207)	(1,930)	(1,551)	–	–	(3,688)
Closing valuation at 30 September 2014	6,700	70,133	6,868	1,500	5,904	91,105

Transaction costs on the purchase and disposal of investments of £47,000 were incurred in the year. These are excluded from realised gains shown above of £3,902,000, but were included in arriving at gains on realisation of investments disclosed in the Income Statement of £3,855,000.

Note: Unlisted ordinary shares now permanently impaired of £1,551,000 (2013: £1,551,000) had been traded on AIM originally. By the time they became permanently impaired, they had delisted from AIM and they are therefore classified as unlisted ordinary shares. In addition, permanent impairments of £2,137,000 were recognised in respect of losses on quoted investments held at the year end. There have been no disposals during the year of assets with permanent impairments brought forward.

Reconciliation of cash movements in investment transactions

The difference between the purchases in Note 9 and that shown in the Cash Flow Statement is £3,649,000. This is because the purchase of the investments in APC Technology, Braemar Shipping Services and Invu arose from a share for share exchange (i.e. non-cash) transaction. Similarly disposals are £3,014,000 higher in Note 9 than the Cash Flow Statement due to the APC Technology, Braemar and Invu transactions referred to above, the receipt of £652,000 debtor brought forward less an outstanding trade of £17,000 at the year end.

10 Significant interests

At 30 September 2014 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (ordinary shares) £'000	Investment in loan stock and preference shares £'000	Total investment (at cost) £'000	Percentage of investee company's total equity
Anpario plc	1,585	–	1,585	10.5%
HML Holdings plc	446	–	446	10.1%
PHSC plc	253	–	253	9.8%
Crawshaw Group plc	1,539	–	1,539	9.3%
Access Intelligence Plc	1,467	750	2,217	9.1%
Tangent Communications plc	1,418	–	1,418	8.6%
Tracsis plc	809	–	809	6.8%
Driver Group plc	1,113	–	1,113	6.0%
Animalcare Group plc (formerly Ritchie plc)	1,476	–	1,476	6.0%
ULS Technology plc	1,500	–	1,500	5.8%
Avingtrans plc	997	–	997	5.7%
PhotonStar LED Group plc	497	–	497	5.1%
Surgical Innovations Group plc	358	–	358	5.1%
Mattioli Woods plc	1,684	–	1,684	5.0%
Hangar 8 plc	761	–	761	4.9%
Hardide plc	1,000	–	1,000	4.7%
Instem plc	985	–	985	4.6%
SnackTime plc	2,102	850	2,952	4.3%
Tristel plc	878	–	878	4.0%
Accumuli plc	400	–	400	3.9%
Omega Diagnostics Group plc	518	–	518	3.9%
Dillistone Group plc	303	–	303	3.6%
eg solutions plc	406	–	406	3.6%
Sanderson Group plc	895	–	895	3.3%
Pressure Technologies plc	982	–	982	3.2%
Augean plc	1,576	–	1,576	3.2%
Vitesse Media plc	160	–	160	3.2%
Hayward Tyler plc	903	–	903	3.1%
Cohort plc	1,415	–	1,414	3.0%
Wyg plc	2,138	–	2,138	3.0%

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

At 30 September 2014, the Company held 2.7% of the B shares issued by Unicorn Smaller Companies Fund, 10.4% of the Unicorn Mastertrust Fund, and 6.9% of the B shares issued by the Unicorn UK Growth Fund. Unicorn Smaller Companies Fund, Unicorn Mastertrust Fund, and Unicorn UK Growth Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

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

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

The total percentage of equity held in the Company's investments by funds managed by UAML is disclosed in Investment Portfolio Summary on pages 18 to 25 of this Report.



Notes to the Financial Statements

for the year ended 30 September 2014

11 Debtors

	2014 £'000	2013 £'000
Amounts due within one year:		
Other debtors	18	662
Prepayments and accrued income	172	174
	190	836

12 Current investments

This comprises an investment in a Dublin based OEIC money market funds, managed by Blackrock Investment Management UK Limited. The funds of £1,000 (30 September 2013: £154,000) are subject to same day access. These sums are regarded as monies held pending investment.

13 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	–	27
Other creditors	106	132
Accruals	148	160
	254	319

14 Called up share capital

	2014 £'000	2013 £'000
Allotted, called-up and fully paid:		
Ordinary shares of 1p each: 64,168,112 (2013: 56,767,691)	642	568

The Company made purchases of 2,024,729 (a total of £20,247 nominal value) of its own Ordinary shares for cash at prevailing prices for a total cost of £2,462,000 representing 3.6% of the opening share capital.

As part of the Company's Top up Offer for Subscription, between 11 October 2013 and 7 July 2014, 9,425,150 Ordinary shares were allotted, representing 16.6% of the opening share capital at prices ranging from 141.1 pence per share to 153.1 pence per share raising net funds of £13,448,000 from gross funds raised of £13,893,000.

Details of the purchases and allotment of shares post 30 September 2014 are given on page 28.

15 Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve £'000	Special reserve* £'000	Profit and loss account £'000	Total £'000
At 1 October 2013	568	4	18	24,979	38,104	10,000	73,673
Shares repurchased for cancellation (see Note b)	(20)	20	–	–	(2,462)	–	(2,462)
Shares issued under Offer for Subscription (see Note a)	94	–	13,799	–	–	–	13,893
Expenses of shares issued under Offer for Subscription (see Notes a and c)	–	–	(445)	–	–	–	(445)
Transfer to special reserve	–	–	–	–	(1,240)	1,240	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	3,855	3,855
Realisation of previously unrealised valuation movements	–	–	–	(707)	–	707	–
Net increases in unrealised valuations in the year	–	–	–	8,048	–	–	8,048
Dividends paid	–	–	–	–	–	(3,555)	(3,555)
Loss for the year	–	–	–	–	–	(795)	(795)
At 30 September 2014	642	24	13,372	32,320	34,402	11,452	92,212

* The Special reserve has not been treated as distributable in determining the amounts available for distribution.

The purpose of this reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the Shareholders, and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. The total transfer of £1,240,000 to the special reserve from the profit and loss account is the total of realised losses incurred by the Company in the year.

The profit for the year is £11,108,000, as shown in the Income Statement, from which the increase in unrealised valuations of £8,048,000 and gains on disposal of investments of £3,855,000 above have been deducted, to arrive at the loss of £795,000.

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

Note a: The Cash Flow Statement discloses an inflow of funds of £13,448,000 being shares issued under the Offer for Subscription of £13,893,000, less expenses of shares issued under the Offer for Subscription of £445,000.

Explanation of Reconciliation of Movements in Shareholders' Funds to the individual reserve movements above.

Note b: Share capital bought back in the year of £2,462,000 is comprised of shares repurchased for cancellation of £2,462,000.

Note c: Expenses of shares issued under the Offer for Subscription were Offer costs of £445,000, being 3.25% of amounts subscribed under the Offer, which were paid to the Manager, as Promoter to the Offer. £99,000 of costs relating to the Offer were recharged to the Promoter by the Company.



Notes to the Financial Statements

for the year ended 30 September 2014

16 Net asset values

	2014 £'000	2013 £'000
Net Assets	92,212	73,673
Number of shares in issue	64,168,112	56,767,691
Net asset value per share	143.70p	129.78p

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

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	11,108	18,003
Net unrealised gains on investments	(8,048)	(17,167)
Net gains on realisation of investments	(3,855)	(1,191)
Transaction costs	(47)	(21)
Decrease/(increase) in debtors and prepayments	11	(2)
(Decrease)/increase in creditors and accruals	(65)	19
Net cash outflow from operating activities	(896)	(359)

18 Analysis of changes in net funds

	Cash £'000	Liquid resources £'000	Total £'000
At 30 September 2013	2,406	154	2,560
Cash flows	(1,236)	(153)	(1,389)
At 30 September 2014	1,170	1	1,171

19 Financial instruments

The Company's financial instruments comprise:

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

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

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

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 30 September 2014.

	2014 (Book Value) £'000	2014 (Fair Value) £'000	2013 (Book Value) £'000	2013 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment portfolio	91,105	91,105	70,596	70,596
Current investments	1	1	154	154
Loans and receivables				
Accrued income	159	159	161	161
Other debtors	18	18	662	662
Cash at bank	1,170	1,170	2,406	2,406
Liabilities at amortised cost or equivalent				
Other creditors	(254)	(254)	(319)	(319)
Total for financial instruments	92,199	92,199	73,660	73,660
Non-financial instruments	13	13	13	13
Total net assets	92,212	92,212	73,673	73,673

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

The investment portfolio has a high concentration of risk towards small, UK based companies, nearly all of which are quoted on the £ denominated UK AIM market (76% of net assets), or within the OEIC funds managed by UAML (7% of net assets), unquoted investments (9% of net assets) and fully listed shares (7% of net assets).

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

Risk

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

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

The Company's maximum exposure to credit risks at 30 September 2014 was:

	2014 £'000	2013 £'000
Loan stock investments	1,500	1,950
Money market funds	1	154
Accrued income and other debtors	177	823
Cash at bank	1,170	2,406
	2,848	5,333

Notes to the Financial Statements

for the year ended 30 September 2014

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

	2014 £'000	2013 £'000
Repayable or converting within		
0 to 1 year	250	100
1 to 2 years	1,050	250
2 to 3 years	–	1,300
3 to 4 years	200	–
4 to 5 years	–	300
Total	1,500	1,950

Included within loan stock investments above are loans at a carrying value of £1,250,000 (2013: £550,000) which are not past their repayment date but have been re-negotiated. The carrying value of SnackTime plc loan stock has been written down by £350,000 during the year.

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

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

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

Management of risk

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

The three OEICs managed by UAML are diversified across a number of holdings with 64.4% invested in fully listed companies, and as such, are exposed to overall market risk.

As at 30 September 2014, the Unicorn UK Growth Fund's portfolio contains stocks where 64.8% by value is in AIM listed stocks, and 30.2% is in fully listed stocks with an average market capitalisation of £1,548 million; the Unicorn UK Smaller Companies Fund contains 24.6% by value on AIM and 72.7% in fully listed stocks with an average market capitalisation of £210 million; the Mastertrust Fund contains 0.4% in AIM stocks, and 82.2% in fully listed stocks with an average market capitalisation of £505 million.

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

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

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

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

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2014 was:

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	83,701	–	–	83,701	N/A	N/A
Unicorn OEICs	5,904	–	–	5,904	N/A	N/A
Loan stocks	–	1,500	–	1,500	10.53	1.47
Money market funds	–	–	1	1	0.32	–
Cash	950	–	220	1,170		
Debtors	177	–	–	177		
Creditors	(254)	–	–	(254)		
Total for financial instruments	90,478	1,500	221	92,199		
Other non financial assets	13	–	–	13		
Total net assets	90,491	1,500	221	92,212		

The interest rate profile of the Company's financial net assets at 30 September 2013 was:

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	58,899	–	–	58,899	N/A	N/A
Unicorn OEICs	9,747	–	–	9,747	N/A	N/A
Loan stocks	–	1,950	–	1,950	8.28	1.88
Money market funds	–	–	154	154	0.33	–
Cash	1,591	–	815	2,406		
Debtors	823	–	–	823		
Creditors	(319)	–	–	(319)		
Total for financial instruments	70,741	1,950	969	73,660		
Other non financial assets	13	–	–	13		
Total net assets	70,754	1,950	969	73,673		

Floating rate cash earns interest related to LIBOR rates.

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

Sensitivity analysis

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

For this purpose the investments in the OEICs managed by UAM are also included in this analysis. The Financial Highlights and the Investment Portfolio Summary at the front of this Annual Report give Shareholders further analysis in percentages of each Fund's investments by asset class and market sector, and page 58 contains information on segments of market capitalisation, under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the portfolio of shares and Unicorn managed OEICs held by the Company are perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation would not be the case in reality.

Notes to the Financial Statements

for the year ended 30 September 2014

	2014 £'000 Profit and net assets	2013 £'000 Profit and net assets
If overall share prices rose/fell by 20% (2013: 20%), with all other variables held constant – increase/(decrease)	17,921/(17,921)	13,749/(13,749)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	27.93p/(27.93)p	24.22p/(24.22)p
If interest rates were 1% higher/(lower) (2013: 1%), with all other variables held constant – increase/(decrease)	10/(10)	8/(8)
Increase/(decrease) in earnings, and net asset value, per Ordinary share (in pence)	0.01p/(0.01)p	0.01p/(0.01)p

Fair value hierarchy

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

Financial assets at fair value through profit and loss At 30 September 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	76,833	–	6,868	83,701
Loan stock investments	–	–	1,500	1,500
Open ended Investment Companies	5,904	–	–	5,904
Money market funds	1	–	–	1
Total	82,738	–	8,368	91,106

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

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

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

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

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

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

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

	Equity investments £'000	Loan stock investments £'000	Total £'000
Opening balance at 1 October 2013	1,206	1,950	3,156
Purchases	5,862	250	6,112
Sales	(22)	(450)	(472)
Transfers into Level 3	–	–	–
Total (losses)/gains included in gains on investments in the Income Statement:			
– on assets sold	(18)	100	82
– on assets held at the year end	(160)	(350)	(510)
Closing balance at 30 September 2014	6,868	1,500	8,368

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

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

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

	30 September 2014 £'000	30 September 2013 £'000
Investment methodology		
Cost (reviewed for impairment)	2,328	2,090
Asset value supporting security held	–	–
Recent investment price	6,040	1,066
Earnings multiple	–	–
Realisation proceeds	–	–
	8,368	3,156

The valuation methodology chosen is the most appropriate for that investment, with regard to the September 2009 IPEVCV guidelines.

FRS 29 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The Directors have considered the nature of and the valuation techniques used to value the unquoted investments held within the portfolio. The majority of the unquoted portfolio by value is represented by recent additions and loan notes which are not past due and for which there is sufficient headroom in the free cashflows of the investee companies. Consequently, the Directors regard the valuation and associated inputs to provide the most reasonable estimate of fair value and any residual balance of unquoted investment is not material to the financial statements. The Directors are of the view that there are no reasonably possible alternative assumptions that will have a significant effect on the current valuation of the portfolio.

20 Management of Capital

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

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

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

21 Segmental analysis

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

22 Post balance sheet events

On 9 October 2014, £625,000 was invested in each of The City Pub Company (East) plc and The City Pub Company (West) plc, both of which are unquoted investments.

On 10 October 2014, the Company repurchased 205,000 Ordinary Shares, representing 0.3% of the share capital in issue, for cancellation at a total cost of £266,000 equivalent to 129.9 pence per share.

On 15 October 2014, 796,024 Ordinary shares were allotted at prices ranging from 145.2 to 148.9 pence per share, raising net funds of £1.1 million.

Notes to the Financial Statements

for the year ended 30 September 2014

On 6 November 2014, the Company repurchased 150,000 Ordinary Shares representing 0.2% of the share capital in issue, for cancellation at a total cost of £191,000 equivalent to 127.3 pence per share.

On 7 November 2014, 953,147 Ordinary Shares were allotted at prices ranging from 141.9 to 147.1 pence per share raising net funds of £1.4 million.

On 8 December 2014, the Company repurchased 140,000 Ordinary Shares representing 0.2% of the share capital in issue, for cancellation at a total cost of £179,000 equivalent to 127.6 pence per share.

On 9 December 2014, 2,563,717 Ordinary Shares were allotted at prices ranging from 143.9 to 149.9 pence per share raising net funds of £3.7 million.

The ordinary shares of SnackTime plc which had been suspended and therefore valued at nil at the balance sheet date recommenced trading on 14 November 2014.

Shareholder Information

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

Net asset value per share

The Company's NAV per share as at 30 November was 142.5 pence. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors have proposed a final dividend of 6 pence per share. The dividend will be paid on 20 February 2015 to Shareholders on the Register on 16 January 2015.

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

Financial calendar

December 2014	Circulation of Annual Report for the year ended 30 September 2014 to Shareholders
16 January 2015	Record date for Shareholders to be eligible for final dividend
12 February 2015	Annual General Meeting
20 February 2015	Payment date for final dividend subject to Shareholder approval at the Annual General Meeting
31 March 2015	Half year end
May 2015	Announcement of Half-Yearly Results
June 2015	Circulation of Half-Yearly Report for the six months ending 31 March 2015 to Shareholders
30 September 2015	Year-end
December 2015	Announcement of final results for the year ending 30 September 2015

Annual General Meeting

The thirteenth Annual General Meeting (AGM) of the Company will be held on 12 February 2015 at 11.30am at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN. Shareholders may arrive 15 minutes before the AGM starts when tea and coffee will be served to Shareholders. A short presentation will be given by the Investment Manager and one of the investee companies following the AGM. The Notice of the meeting is included on pages 64 to 67 of this Annual Report and a separate proxy form has been included with Shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, Capita Asset Services at the address given on the Form, to arrive no later than 11.30 am on Tuesday 10 February 2015.

Shareholder enquiries:

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

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

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

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

Information rights for beneficial owners of shares

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

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirteenth Annual General Meeting of Unicorn AIM VCT plc (the "Company") will be held at 11.30am on Thursday, 12 February 2015 at The Great Chamber, The Charterhouse, Suttons Hospital, Charterhouse Square, London EC1M 6AN for the purposes of considering the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:-

1. To receive and adopt the audited annual report and accounts of the Company for the year ended 30 September 2014 ("Annual Report"), together with the Directors' report and Auditor's report thereon.
2. To approve the Directors' Remuneration report as set out in the Annual Report.
3. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor to the Company until the conclusion of the next annual general meeting.
4. To authorise the Directors to determine BDO LLP's remuneration as Auditor to the Company.
5. To re-elect Peter Dicks as a Director of the Company.
6. To approve the payment of a final dividend in respect of the year ended 30 September 2014 of 6.0 pence per ordinary share of 1p each, payable on 20 February 2015 to Shareholders on the register on 16 January 2015.
7. That, in substitution for any existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 1p each in the Company ("Shares") and to grant rights to subscribe for, or convert any security into, Shares ("Rights") up to an aggregate nominal value of £339,930, provided that the authority conferred by this Resolution 7 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the date falling 15 months after the passing of this Resolution 7 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016 but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by this Resolution 7 had not expired.
8. That, subject to the passing of Resolution 7 set out in this notice and in substitution for any existing authorities, the Directors of the Company be and hereby are empowered in accordance with sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred upon them by Resolution 7 set out in this notice, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment and issue of equity securities up to an aggregate nominal value representing £271,944 in connection with offer(s) for subscription; and
 - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10 per cent of the issued share capital of the Company from time to timein each case where the proceeds may be used, in whole or part, to purchase the Company's Shares in the market and provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the date falling 15 months after the passing of this Resolution 8 or, if earlier, at conclusion of the Annual General Meeting to be held in 2016, except that the Company may, before the expiry of this authority, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
9. That, in substitution for any existing authorities, the Company be and hereby is authorised pursuant to section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of its own Shares on such terms and in such manner as the Directors of the Company may determine (either for cancellation or for the retention as treasury shares for future re-issue or transfer), provided that:
 - (i) the aggregate number of Shares which may be purchased shall not exceed 10,191,101 or, if lower, such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Shares in issue at the date of passing this resolution;
 - (ii) the minimum price which may be paid for a Share is 1p (the nominal value thereof);
 - (iii) the maximum price which may be paid for a Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);

- (iv) the authority conferred by this resolution shall (unless previously renewed or revoked in general meeting) expire on the date falling 15 months after the passing of this Resolution 9 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016; and
- (v) the Company may make a contract or contracts to purchase its own Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Shares in pursuance of any such contract.

BY ORDER OF THE BOARD

Registered Office
2 Barnfield Crescent
Exeter EX1 1QT

ISCA Administration Services Limited
Company Secretary

11 December 2014

NOTES:

- (i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
- (iii) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Asset Services, on 0871 664 0324 (lines are open between 9.00 am and 5.30 pm Monday to Friday, calls cost 10p per minute (including VAT) plus network extras – if calling from overseas please dial +44 203 170 0187 (international rates will apply)) to request additional copies of the proxy form. Different charges may apply to calls from mobile telephones and call may be recorded and randomly monitored for security and training purposes. For legal reasons Capita Asset Services will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- (iv) The statement of the rights of members in relation to the appointment of proxies in paragraphs (ii) and (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
- (v) Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
- (vi) If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

- (vii) A personal reply paid form of proxy is enclosed with this document. To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 11.30am on 10 February 2015 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
- (viii) If you prefer, you may return the proxy form to Capita Asset Services in an envelope addressed to FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- (ix) Please note that you can vote your shares electronically at www.capitashareportal.com
- (x) Appointment of a proxy or CREST proxy instruction will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedure set out in these notes and the notes to the form of proxy.
- (xi) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (xii) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 am on 10 February 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (xiii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (xiv) As at 10 December 2014 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 67,986,000 ordinary shares of 1p each, all of which carry one vote each. Therefore, the total voting rights in the Company as at 10 December 2014 was 67,986,000.
- (xv) The Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sunday and public holidays) and shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The agreement with Jeremy Hamer's consultancy business will also be available for inspection.
- (xvi) If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

- (xvii) Under section 527 of the Act, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- (xviii) At the meeting Shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, www.unicornaimvct.co.uk in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xix) Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website, www.unicornaimvct.co.uk.
- (xx) Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.
- (xxi) This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 10 December 2014 (the business day prior to the approval of this Notice) and, if applicable, any members' statements, members' resolutions or members' matter of business received by the Company after the date of this Notice, will be available on the Company's website: www.unicornaimvct.co.uk.

Corporate Information

Directors

Peter Dicks (Chairman)
James Grossman
Jeremy Hamer
Jocelin Harris

All of whom are non-executive and of:

2 Barnfield Crescent
Exeter EX1 1QT

Secretary & Administrator

ISCA Administration Services Limited
23 Silverwood Avenue
Newton Abbot
TQ12 4LG

Company Registration Number : 04266437

Website : www.unicornaimvct.co.uk

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Charterhouse Square
London EC1M 6AU

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Registrar

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

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Custodian

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

Solicitors

SGH Martineau LLP
No 1 Colmore Square
Birmingham
B4 6AA

Stockbroker

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

Bankers

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



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