Pembroke VCT plc

PEMBROKEVCT.COM

Annual report and financial statements

for the year ended 31 March 2022


FLOOM

Financial Highlights

Net asset value per share
126.0p

Net asset value total return per share
151.0p
(+13%)

Dividend paid per share
7.0p*

The Company repurchased
£9.8m
of its own shares in the year

Increase of portfolio value over cost
45%
after realised losses

Total value of investments
£161.4m

Cash invested in seven new investments during the year
£9.5m

Cash invested in 21 follow-on investments during the year
£26.9m

Total cash invested during the year
£36.3m

*The Company paid two dividends in the year, one of 4p per share and another of 3p per share, a total of £9.3 million. A further 5p per share dividend will be paid in July 2022 for a total of £8.3 million.

Investment Objective

Pembroke VCT plc (the "Company") is a generalist VCT focused on early stage investments in founder-led businesses.

The Company invests in a diversified portfolio of small, principally unquoted companies, and selects those which Pembroke Investment Managers LLP (the "Investment Manager") believes provide the opportunity for value appreciation.

The Board of Directors of the Company (the "Board") believes that the Company can benefit from leveraging the previous sector experience of the Investment Manager, and that there are likely to be synergistic advantages from grouping similar businesses. Consequently, most investments fall within one of six sectors:

- Wellness
- Food, Beverage & Hospitality
- Education
- Design
- Media
- Digital Services

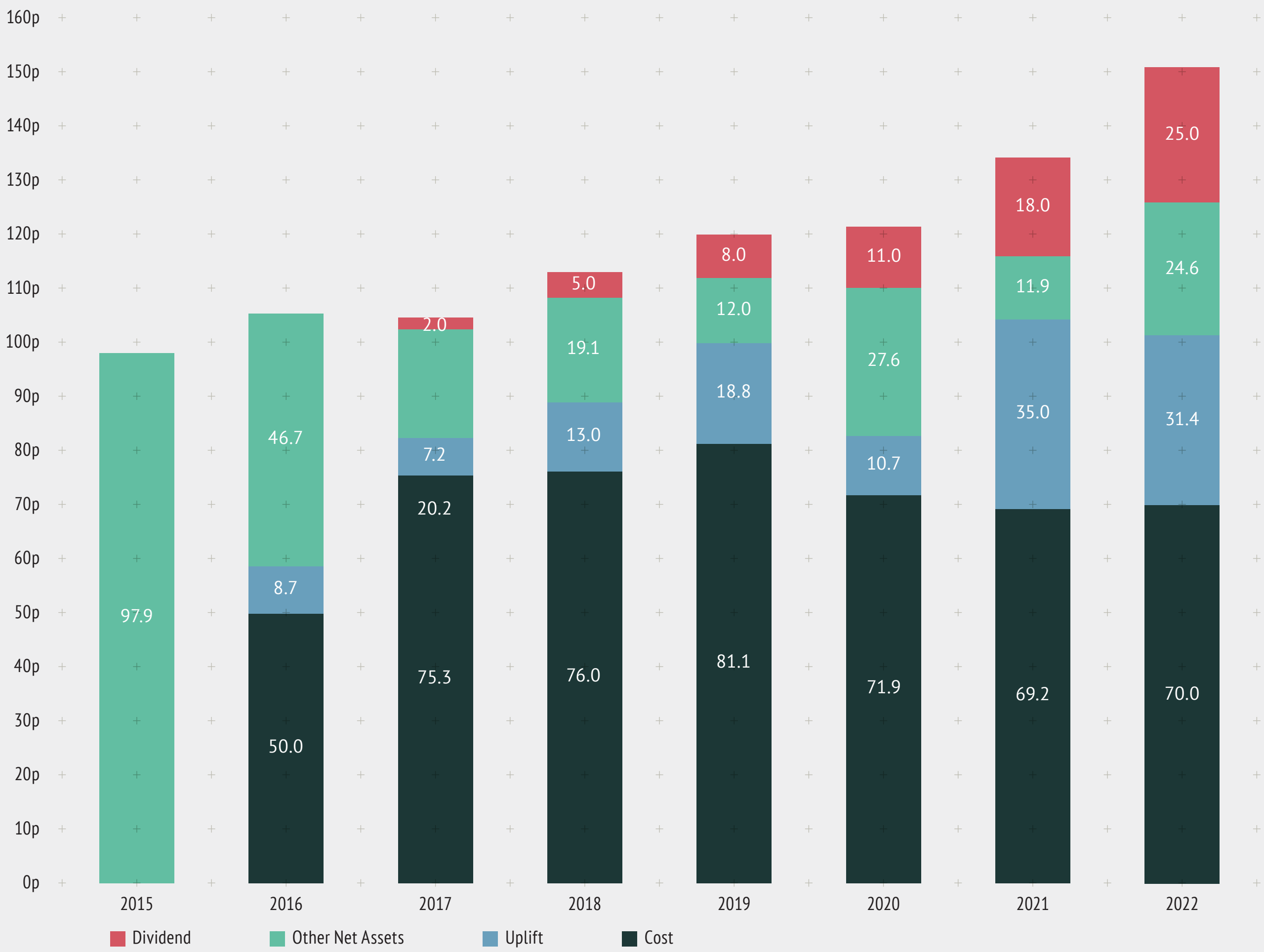
Financial Summary

Results

Results	Year ended 31.03.22	Year ended 31.03.21
Net assets (£'000)	200,585	132,666
Number of shares in issue ('000)	159,235	114,237
Net asset value per share (pence)	126.0	116.1
Investment income (£'000)	1,613	438
(Loss)/profit before tax		
Revenue (£'000)	(386)	(928)
Capital (£'000)	24,494	14,937
Total (£'000)	24,108	14,009
Return per share* (pence)		
Revenue	(0.3)	(0.9)
Capital	19.6	14.6
Total	19.3	13.7

*This is a KPI which is an alternative performance measure and is discussed in the Chair's Statement on page 8.

NAV performance*



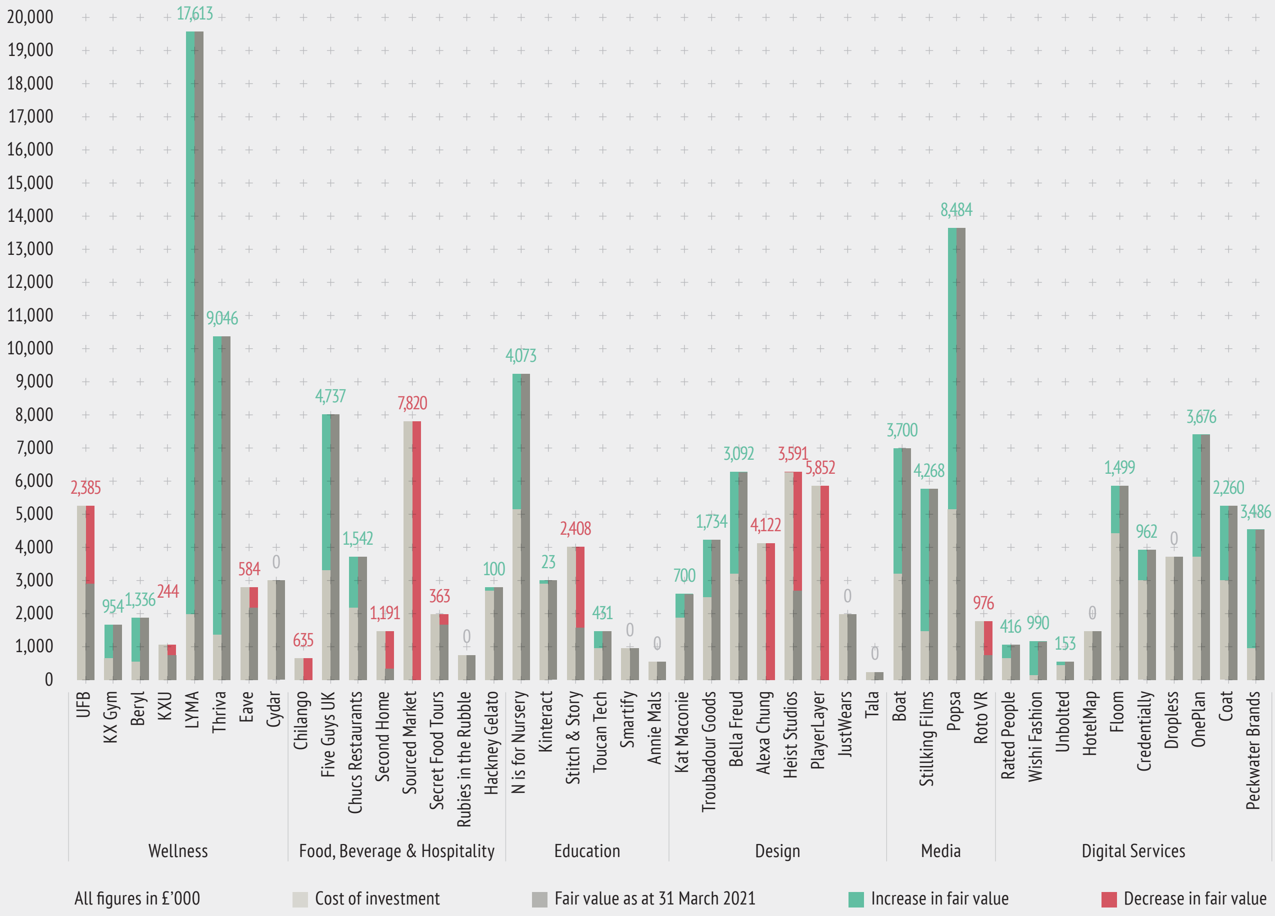
*This is a KPI which is an alternative performance measure and is discussed in the Chair's Statement on page 8.

Total return*

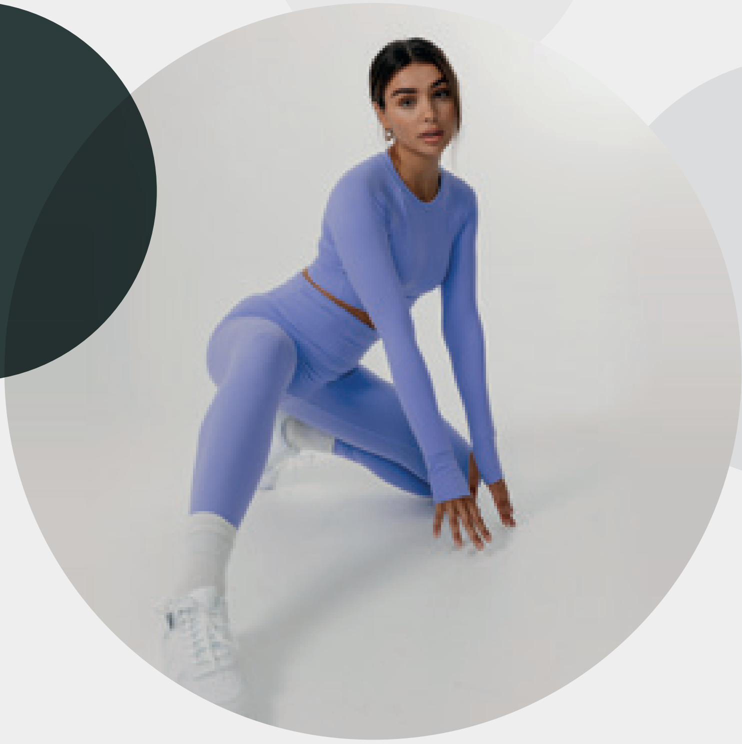
(net asset value ("NAV") plus cumulative dividends paid)	Year ended 31.03.22 (pence per share)	Year ended 31.03.21 (pence per share)
Dividends paid during the year ended		
31 March 2017	2.00	2.00
31 March 2018	3.00	3.00
31 March 2019	3.00	3.00
31 March 2020	3.00	3.00
31 March 2021	7.00	7.00
31 March 2022	7.00	–
Total dividends paid since launch	25.00	18.00
Closing NAV	126.00	116.1
Total return	151.00	134.1

*This is a KPI which is an alternative performance measure and is discussed in the Chair's Statement on page 8.

Portfolio performance



Chair's Statement



I am pleased to present the annual results for Pembroke VCT plc for the year ended 31 March 2022.

Overview

The Board is pleased to report a strong performance in the year despite the extended challenges of COVID-19.

The Company recently closed a £46 million fundraise, representing another record following the £41 million raised in the previous year.

The Company's net asset value ("NAV") at 31 March 2022 is £200.5 million (2021: £132.7 million). This continues an upward trend reflecting the underlying investment performance and fundraising. After returning £19.1 million to shareholders through dividends and share buybacks, the NAV increase in the year is 51%.

During the period, the total return (NAV plus cumulative dividends paid) of the shares increased 16.9 pence, or 13%, from 134.1 pence per share to 151.0 pence per share.

The Company generated a £24.0 million profit in the year to March 2022 (2021: £14.0 million) from a combination of realised and unrealised investment gains.

During the year the Company sold two investments from its portfolio: Plenish and Me+Em. Plenish achieved a 2.3x return and Me+Em a 16.1x return. The recent Me+Em exit has enabled the Board to approve a 5.0 pence per share interim dividend to be paid in July 2022.

The Investment Manager was paid a £0.4 million performance fee in November 2021 following the successful exit from Plenish in April 2021.

Investment Portfolio Overview

The Board is pleased with the overall performance of the investment portfolio. Some portfolio companies continue to exceed expectations. Others have suffered with the extended impact of COVID-19; this has, unfortunately, resulted in Sourced Market and Player Layer being placed into administration. During the year the Company invested £9.5 million in seven new portfolio companies: Cydar, JustWears, OnePlan, Peckwater Brands, COAT, Annie Mals and TALA. The Company also made follow-on investments totalling £26.9 million into 21 portfolio companies to continue our support of their growth.

For further details, see the Investment Manager's Review and Investment Portfolio on pages 12 to 35.

Environmental, Social and Governance ("ESG")

The Board of Pembroke VCT has been updated on the ESG reporting requirements within the venture capital arena. Over the summer we shall continue to develop our strategy and seek to embed ESG at Pembroke VCT and raise its profile with our portfolio companies. We will continue to increase our public reporting to shareholders on ESG, sharing case studies where we can in our quarterly newsletter.

The Board monitors the policies adopted by the Investment Manager and noted that this year the Manager assessed its own carbon footprint from 2019 to 2021. These historic emissions, and future emissions, will be offset to make both the Investment Manager, and the Company, carbon neutral.

We continue to work to reduce our carbon impact by using recycled paper stocks and encouraging shareholders to move to digital-only communications, electronic payment of dividends and online applications.

Dividends & Share Buybacks

Since April 2021 the Company has paid a total of £9.8 million in dividends and £9.7 million in share buybacks.

The dividends include 4.0 pence per share in May 2021, following the sale of Plenish, and a further dividend of 3.0 pence per share in October 2021. This matches the 7.0 pence per share of dividends paid in the previous financial year.

Following the recent sale of Me+Em the Board has approved a dividend of 5.0 pence per share, payable in July 2022. Further dividends will be considered when profitable exits are achieved.

The Board has also resolved to increase the annual target dividend from 3.0 pence per share to 5.0 pence per share for the 2022/3 financial year onwards and to consider the next share buyback in April 2023.

VCT Qualifying Status

Philip Hare & Associates provides both the Board and the Investment Manager with advice about ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that Pembroke VCT continues to comply with the HMRC conditions for maintaining its approval as a venture capital trust.

Outlook

The Company has passed the £200 million net asset hurdle after a record fundraise. It begins the new financial year in a strong position to take advantage of new high-quality investment opportunities as well as supporting the continued growth of its existing portfolio businesses. Nevertheless, the Board and the Investment Manager are conscious of the current macro-economic environment, the political issues caused by the Russian invasion of Ukraine and the rising inflationary pressures in the UK.

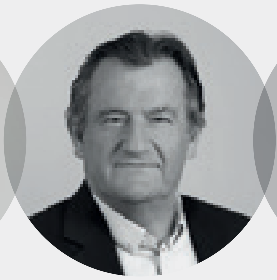
Annual General Meeting

The Annual General Meeting ("AGM") will be held at the Company's offices at 3 Cadogan Gate, London SW1X 0AS on 29 September 2022.

Jonathan Djanogly
Chair
28 June 2022

The Board +

Jonathan Djanogly



Laurence Blackall

Mark Stokes

Louise Wolfson

David Till

Jonathan Djanogly

Independent non-executive Chair

Jonathan is a non-practising solicitor and was, for over ten years, a corporate partner at City law firm SJ Berwin LLP. He specialised in mergers and acquisitions, private equity and joint ventures as well as fundraising on public markets. Jonathan has been a Member of Parliament since 2001, in which capacity he served as a Member of the Trade and Industry Select Committee and more recently as a member of the Exiting the UK Select Committee. He also served on the Opposition front bench as shadow Solicitor General and as a shadow Minister for Trade and Industry with responsibility for employment law and corporate governance; before that, he was a Justice Minister for over two years.

Laurence Blackall

Independent non-executive Director

Laurence has had a 30-year career in the information, media and communication industries. After an early career at Virgin and the SEMA Group, he was a director of Frost & Sullivan before moving to McGraw Hill, where he was a vice-president in its computer and communications group. He then went on to found AIM-listed Internet Technology Group plc in 1995 and successfully negotiated its sale in 2000 for almost £150 million. Laurence was also instrumental in the creation of Pipex Communications plc. He has interests in a range of leisure and TMT businesses and currently holds a number of directorships in public and private UK companies.

Mark Stokes

Independent non-executive Director

Mark Stokes has over 30 years' experience in financial services, and 20 years at Executive Committee level. He is currently Chief Commercial Officer and an Executive Director at United Trust Bank, having previously held Managing Director positions at Lloyds Corporate and Commercial Banking, Williams & Glyn and Metro Bank. He has a deep understanding of business strategy, execution, performance management, risk management and governance. Mark has broad business experience, including M&A execution and capital markets fundraising, gained through a career of lending into commercial and SME markets as well as consumer and asset finance markets. He has also previously served as a non-executive Director Alternate with Motobility Operations Group plc. Mark is a member of the Chartered Institute of Bankers and has completed its Green and Sustainable Finance certification.

Louise Wolfson

Independent non-executive Director

Louise Wolfson is a senior corporate lawyer who was previously a partner at Allen & Overy LLP and Pinsent Masons LLP. She has a particular focus on corporate finance transactions, and has wider experience including mergers and acquisitions, joint ventures, strategic investments, capital raisings and listings. Louise currently works as a freelance legal consultant and sits as a tribunal judge hearing social security and immigration appeals. Louise is also a director of Women's Pioneer Housing, a housing association which supports women in West London.

David Till

Non-independent non-executive Director

David Till co-founded the Oakley Capital Group in 2002. David plays a key role within the group and has overall responsibility for operations, finance, due diligence, compliance and fund formation. Oakley Capital Private Equity invests in, and supports, the continued growth and development of some of Europe's leading companies and seeks to build long-term relationships with talented entrepreneurial founders and managers. Over the past 18 years, Oakley has built expertise in three core sectors—TMT, Digital Consumer and Education—and has strong credentials and networks in these areas. Oakley Capital comprises four midmarket private equity funds. The funds generate strong returns for their Limited Partners as well as Oakley Capital Investments Limited, a listed investment vehicle that invests in Oakley Private Equity Funds.

David holds a BA (Hons) in Economics from Essex University. He started his career in the British Army. He later qualified as a chartered accountant with Coopers & Lybrand, then worked in industry as a finance director before returning to the profession, holding senior M&A roles.

Investments

Investment Manager's Review

Overview

The Company invested in seven new companies, made follow-on investments in 21 companies, and sold investments in two companies in the year to 31 March 2022. The Company's focus spans the wellness, food, beverage & hospitality, education, design, media and digital services sectors.

At the year end, the portfolio comprised 44 investments with a cost of £111.1 million and a fair value of £161.4 million, representing a 45% increase over cost.

Fundraise and team

We had our most successful fundraise to date as £46 million was invested by new and existing shareholders. This will allow us to continue our strategy of investing in exceptional founders. Jamie Kennell has recently joined as Head of Investment Portfolio. He will head the portfolio team to manage the underlying investments and risks, and to develop business strategies with the founders and management teams.

We have added two further members to the portfolio team, Christian Capunitan and Dilesh Maisuria, and continue to expand the investment team.

Investment activity

The Company invested £9.5 million in seven new companies during the year, and has invested a further £26.9 million across 21 existing portfolio companies.

The seven new investments were Cydar, JustWears, OnePlan, Peckwater Brands, Coat, Annie Mals and TALA, all of which are unquoted, with investments made in the form of new equity shares with full voting rights. The new investments capitalise on our insights into the sectors in which we invest.

Cydar

Cydar is a medical software company that improves patient outcomes by providing a 'sat nav for surgeons', which uses Artificial Intelligence (AI) to enhance image-guided surgery. The first application of the software is in the field of endovascular surgery.

JustWears

JustWears is a men's basics brand looking to disrupt a £31 billion category that is dominated by stagnant legacy brands and unsustainable products. JustWears is currently selling its maiden product, men's underwear. The brand prides itself on the use of innovative materials, with a focus on ergonomic designs and comfort, using sustainable, biodegradable, high-performance fabrics.

OnePlan

OnePlan has built a collaborative, easy-to-use, real-time platform for event and venue planning. OnePlan combines the world's best selection of 2D, 3D, satellite and aerial maps into its platform to provide planners with a fully customizable solution to suit their event planning needs. The user-friendly design allows employees of all skill levels to use the platform without specialist training. The company has recently been awarded a contract for planning the 2024 Olympic Games in Paris.

Peckwater Brands

Peckwater Brands develops virtual food brands for delivery-only restaurant franchises. These are operated by existing restaurant owners, allowing them to increase revenue from their existing kitchens. Since its commercial launch in 2020, Peckwater has developed multiple brands, ranging from Korean fried chicken wings to a plant-based hotdog brand in partnership with Unilever.

COAT

Launched in 2020, COAT Paints is a paint brand seeking to disrupt a market dominated by ageing incumbents. COAT provides premium, environmentally-friendly paint at a cost around 20% lower than its direct competitors. COAT's entire range is water-based and solvent-free, low VOC (volatile organic compounds), 100% vegan and 100% animal cruelty-free.

Annie Mals

Annie Mals was founded in 2021 by Emily Samuels, an award-winning charity fundraiser and Oxbridge classics graduate. Emily has drafted a series of 15 to 20 illustrated children's books for four-to-six-year-olds. Once the first books have been published, Emily plans to license the characters for television animation and short-form YouTube content, with toys, clothing, and accessories also in the proposed pipeline.

TALA

We Are Tala (TALA) is a sustainable activewear brand focused on 'Gen Z' (the generation born between 1997 and 2012) females. TALA was founded by fitness influencer Grace Beverley, who has amassed a loyal social media following of over a million on her personal Instagram account.

The 21 follow-on investments were made into Alexa Chung, Bella Freud, Coat, Credentially, Dropless, Eave, Floom, Hackney Gelato, Heist, Kinteract, N is for Nursery, OnePlan, PlayerLayer, Popsa, Roto VR, Rubies in the Rubble, Secret Food Tours, Sourced Market, Stitch & Story, Troubadour and United Fitness Brands.

Since the year end the Company has made investments totalling £5.9 million in seven companies including one new investment of £1.5 million and six follow-on investments of £4.4 million in aggregate.

Investment performance

Pembroke achieved two profitable exits in the year: Plenish and Me+Em. In April 2021, Pembroke sold its investment in ***Plenish*** to Britvic Group. Pembroke VCT invested in Plenish in 2013 and exit proceeds were £8.8 million. This represents a 2.3 times money multiple with an IRR of 28.4%. The related special dividend of 4 pence per share was paid on 21 June 2021.

In March 2022, Pembroke sold its investment in ***Me+Em*** to Highland Europe. Pembroke VCT invested £0.9 million in Me+Em in 2015 and received £15.4 million in sale proceeds. This represents a 16.1 times money multiple with an IRR return of 66.7%. The related special dividend of 5 pence per share will be paid in July 2022.

We are pleased to report that many of our companies traded well throughout the year despite the continued impact of COVID-19. Most of our companies have developed their business model during the pandemic and continue to adapt to consumer behaviour to sustain their growth plans.

The COVID-19 pandemic did, however, continue to cause disruption to our portfolio companies in the design sector and those with physical sites. ***United Fitness Brand***, ***KX***, ***KXU***, ***Five Guys***, ***Chucs Restaurants***, ***Second Home***, ***Alexa Chung***, ***PlayerLayer*** and ***Sourced Market*** operations have been affected by Government restrictions. Many of these companies were able to trade through the pandemic using technology and other innovative ways to build their customer bases. However, ***PlayerLayer*** and ***Sourced Market*** have been placed into administration and ***Alexa Chung*** is conducting an orderly wind-down of its business.

N is for Nursery has continued to grow and now has 17 sites. The company received third-party funding in the spring of 2022 to increase this expansion through a combination of organic growth and acquisitions. ***United Fitness Brands*** acquired Barrecore and merged with Triyoga in 2021 and is currently looking to raise funds.

Lyma has been a significant beneficiary during COVID-19 as more consumers focused on their health and wellbeing. The supplement business continued to grow during the year and the new launch of the Lyma Laser was a success, further contributing to revenue growth. In the spring of 2022, the Lyma Laser product has received FDA approval for commercial use in the United States, which will fuel further growth of the business.

Thriva had a successful year resulting from organic growth and serviced a government contract.

Popsa has continued to perform ahead of our expectations in the year to December 2021 and continues to show revenue growth in 2022.

OnePlan is a new investment during the year. Since we initially invested it has grown by winning significant contracts, including as the Official Supporter of GIS Mapping and Digital Twin Software for the Paris 2024 Olympic and Paralympic Games. The business continues to attract big event providers and has proven that the ease and functionality of the platform it has developed continue to appeal to new customers.

Peckwater Brands is another new investment that has grown significantly since we initially invested in September 2021. It has executed growth plans and utilised the changes in current consumer behaviour as an opportunity to grow. The business has received funding offers from third-party investors to further accelerate its growth.

Stitch and Story and ***Heist*** are facing challenges in their business and continue to review their strategic plans to address these challenges. ***Bella Freud*** and ***Kat Maconie*** showed strong performance as their traditional wholesale markets returned, while also developing their direct-to-consumer offerings.

Other investments where we have seen improved trading performance and recovery from the impact of the pandemic include ***HotelMap***, ***Secret Food Tours***, ***Five Guys***, ***Stillking***, ***Credentially***, ***COAT***, ***Chucs Restaurants***, and ***Second Home***.

We continue to hold ten investments at/around cost (***Cydar***, ***Rubies in the Rubble***, ***Hackney Gelato***, ***Kinteract***, ***Smartify***, ***Annie Mals***, ***JustWears***, ***TALA***, ***HotelMap*** and ***Dropless***) which we consider to be fair value.

Our portfolio has not been directly affected by the geopolitical unrest in Ukraine.

Valuation

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines December 2018 developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'.

In determining fair value, the Investment Adviser uses various valuation approaches, including a combination of the price of recent investment and a market-based approach. The market approach ascribes a value to a business interest or shareholding by comparing it to similar businesses, using the principle of substitution: that is, that a prudent purchaser would pay no more for an asset than it would cost to acquire a substitute asset with the same utility and income earning potential. Price of recent value will only be used as fair value after careful consideration of all the facts and circumstances concerning the underlying investment.

The portfolio valuations are prepared by the Investment Adviser, before being reviewed and approved by the Board each quarter and subject to audit annually.

Further details may be found in the Investment Portfolio and Investment Review on pages 14 to 35.

Investment Portfolio

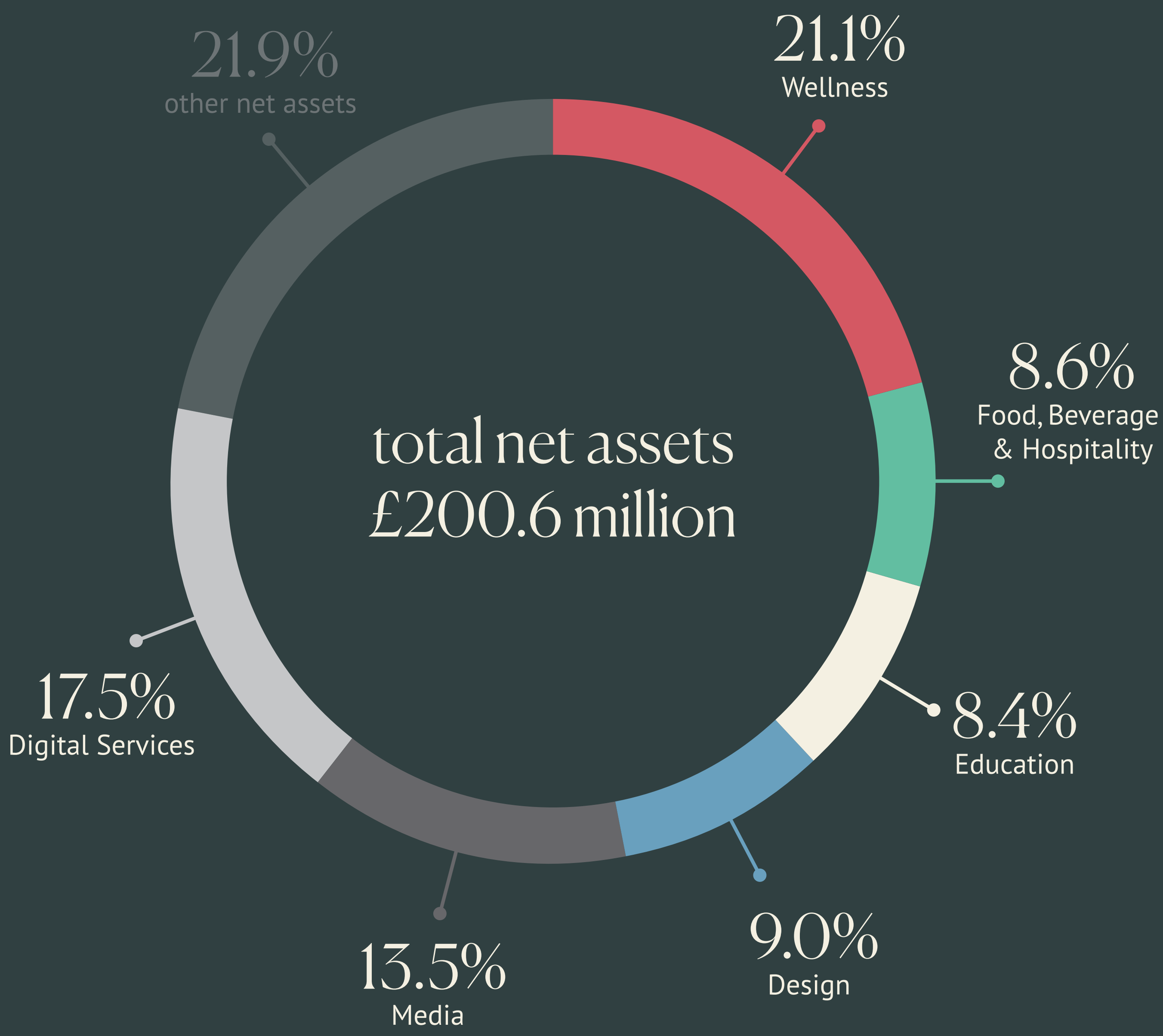
	As at 31 March 2022			As at 31 March 2021		
	Cost £'000	Fair value £'000	% of net assets	Cost £'000	Fair value £'000	% of net assets
Wellness						
United Fitness Brands	5,276	2,891	1.4%	3,276	3,150	2.4%
KX	700	1,654	0.8%	700	1,066	0.8%
Beryl	553	1,889	0.9%	553	1,771	1.3%
KXU	1,034	790	0.4%	1,034	790	0.6%
Lyma	2,000	19,613	9.8%	2,000	9,667	7.3%
Thriva	1,330	10,376	5.2%	1,330	2,426	1.8%
Eave	2,750	2,166	1.1%	2,000	2,000	1.5%
Cydar	3,000	3,000	1.5%	–	–	0.0%
	16,643	42,378	21.1%	10,893	20,869	15.7%
Food, Beverage & Hospitality						
Chilango	635	–	0.0%	635	–	0.0%
Five Guys	3,311	8,048	4.0%	2,083	5,507	4.2%
Chucs Restaurants	2,220	3,762	1.9%	2,220	2,220	1.7%
Second Home	1,485	294	0.1%	1,485	392	0.3%
Sourced Market	7,447	–	0.0%	6,247	2,350	1.8%
Secret Food Tours	2,000	1,637	0.8%	1,000	500	0.4%
Rubies In The Rubble	732	732	0.4%	250	250	0.2%
Hackney Gelato	2,700	2,800	1.4%	1,599	1,700	1.3%
Plenish	–	–	0.0%	3,895	8,750	6.6%
	20,529	17,272	8.6%	19,415	21,668	16.3%
Education						
N is for Nursery	5,200	9,273	4.6%	3,200	5,220	3.9%
Kinteract	2,935	2,958	1.5%	1,975	2,062	1.6%
Stitch & Story	4,000	1,592	0.8%	2,000	4,514	3.4%
Toucantech	1,000	1,431	0.7%	1,000	1,000	0.8%
Smartify	1,000	1,000	0.5%	1,000	1,000	0.8%
Annie Mals	500	500	0.2%	–	–	0.0%
	14,635	16,755	8.4%	9,175	13,796	10.4%
Design						
Kat Maconie	1,850	2,550	1.3%	1,850	3,765	2.8%
Troubadour	2,540	4,274	2.1%	1,740	2,664	2.0%
Bella Freud	3,227	6,318	3.2%	2,738	5,830	4.4%
Alexa Chung	4,122	–	0.0%	3,733	3,131	2.4%
Me+Em	–	–	0.0%	955	6,757	5.1%
Heist	6,249	2,658	1.3%	4,749	5,508	4.2%
PlayerLayer	5,852	0	0.0%	4,701	4,651	3.5%
JustWears	2,000	2,000	1.0%	–	–	0.0%
TALA	200	200	0.1%	–	–	0.0%
	26,039	18,000	9.0%	20,466	32,305	24.4%
Media						
Boat	3,250	6,950	3.5%	3,250	6,950	5.2%
Stillking	1,452	5,720	2.9%	1,452	1,968	1.5%
Popsa	5,200	13,684	6.8%	4,400	9,063	6.8%
Roto VR	1,750	774	0.4%	1,500	1,500	1.1%
	11,652	27,128	13.5%	10,602	19,481	14.7%
Digital Services						
Rated People	641	1,057	0.5%	641	993	0.7%
Wishi	153	1,143	0.6%	153	153	0.1%
Unbolted	400	553	0.3%	400	500	0.4%
HotelMap	1,500	1,500	0.7%	1,500	750	0.6%
Floom	4,415	5,914	3.0%	2,415	2,193	1.7%
Credentially	3,000	3,962	2.0%	1,000	1,000	0.8%
Dropless	3,750	3,750	1.9%	1,750	1,750	1.3%
OnePlan	3,750	7,426	3.7%	–	–	0.0%
Coat	3,000	5,260	2.6%	–	–	0.0%
Peckwater Brands	1,000	4,486	2.2%	–	–	0.0%
Stylindex	–	–	0.0%	663	–	0.0%
	21,610	35,053	17.5%	8,523	7,339	5.5%
Total Portfolio before interest	111,108	156,587	78.1%	79,074	115,459	87.0%
Interest rolled up in fixed income investments*	–	4,858	2.4%	–	3,620	2.7%
Total Portfolio including interest	111,108	161,445	80.5%	79,074	119,079	89.8%
Other Net Assets	39,140	39,140	19.5%	13,587	13,587	10.2%
Total NAV	150,248	200,585	100.0%	92,661	132,666	100.0%

*Added to investments in the Financial Statements

Investment Portfolio continued

Segment analysis

The chart below shows the segmental breakdown of the investment portfolio based on NAV at 31 March 2022.



+Wellness

21.1%
of net assets

UNITED • FITNESS • BRANDS

United Fitness Brands (UFB) exists to curate the best-in-class fitness verticals and support them through national and international growth. It was formed in early 2021 through the merger of Boom Cycle, an indoor cycling concept which offers a fun, high-intensity cardiovascular workout, and KOBOX, a gym group focused on making boxing accessible to everyone. The group has gone on to acquire Barrecore, which offers Barre classes from 13 locations across the UK, and merged with Triyoga by the end of 2021. The company is currently looking to raise funds.

	£'000
Cost	£5,276
Valuation	£2,891
Interest rolled up in fixed income investment	£141
Basis of valuation	Multiples
Equity holding	20.3%
Investment in the year at cost	£2,000
Total income recognised in the year	£nil

KX

KX Gym, founded in 2002, is a private members' gym and spa, which includes a restaurant and clubroom, located in Chelsea, London. KX offers members an exclusive holistic approach to wellbeing, incorporating fitness, diet and relaxation.

	£'000
Cost	£700
Valuation	£1,654
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	11.8%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

beryl

Beryl is focused on changing the way cities move. The company offers bike sharing schemes, with over 4,000 bikes across the UK as well as its innovative laser light, as seen on the London Santander Cycles hire bikes. Beryl's bike hire is currently available in Bournemouth, Poole, Hereford, Norwich, Watford and the Isle of Wight. Transport for Greater Manchester has awarded Beryl the contract to design, deliver and operate its cycle hire scheme.

	£'000
Cost	£553
Valuation	£1,889
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	4.1%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

KXU

KX Urban (KX U) is a pay-as-you-go development of the established KX luxury gym brand. It offers a range of gym classes—including Hiit & Run, Body Barre, yoga, boxing and spinning—within a high-quality gym environment with a healthy food and beverage offering.

	£'000
Cost	£1,034
Valuation	£790
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	10.3%
Investment in the year at cost	£nil
Total income recognised in the year	£71

LYMA

LYMA is a luxury wellness brand. The company worked closely with the world's leading nutritional scientists, combining intensive R&D with the latest technological advances to produce a unique and high-quality, evidence-based nutritional supplement. It also launched a world first medical-grade laser, which can be used safely at home in conjunction with a newly-formulated serum and mist.

	£'000
Cost	£2,000
Valuation	£19,612
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	19.8%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

thriva

Thriva is a proactive healthcare service, which offers at-home blood tests for a range of health markers such as Vitamin B12, Vitamin D, liver function, omega and iron. Consumers receive the testing kit in the post and receive NHS-grade results. The company also offers a range of supplements, which are recommended and offered to users based on their test results. The company is also working with several government agencies on conducting tests to support their programs.

	£'000
Cost	£1,330
Valuation	£10,376
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	5.2%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

NEW

EAVE

Eave aims to help prevent avoidable deafness through monitoring of, and protection against, damaging noise levels. Its first product is a pair of smart ear defenders designed for the construction industry.

Unlike traditional passive hearing protection, these work as part of a complete solution to protect workers from hearing damage, as well as to detect and report noise levels.

	£'000
Cost	£2,750
Valuation	£2,166
Interest rolled up in fixed income investment	£20
Basis of valuation	Most recent round
Equity holding	16.6%
Investment in the year at cost	£750
Total income recognised in the year	£20

Cydar Medical

NEW

Cydar is a medical software company that improves patient outcomes by providing a 'sat nav for surgeons', which uses Artificial Intelligence (AI) to enhance image-guided surgery. The first application of the software is in the field of endovascular surgery.

	£'000
Cost	£3,000
Valuation	£3,000
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	7.4%
Investment in the year at cost	£3,000
Total income recognised in the year	£nil

Food, Beverage +Hospitality

8.6%

of net assets

FIVE GUYS® UK

Five Guys was founded in 1986 in the US. The company serves a range of hand-made burgers made with fresh, locally-sourced beef and cooked on a grill, along with fresh-cut fries, served with unlimited toppings. It now has over 110 outlets in the UK and expanding in Europe.

	£'000
Cost	£3,311
Valuation	£8,048
Interest rolled up in fixed income investment	£2,720
Basis of valuation	Multiples
Equity holding	1.0%
Investment in the year at cost	£nil
Total income recognised in the year	£1,205

BAR & GRILL CHUCS

Chucs is a restaurant concept reflecting the style and branding of the Italian Riviera.

The first restaurant opened on Dover Street in Mayfair, London in 2014. The brand has since expanded to Westbourne Grove, Belgravia, St John's Wood, Kensington and Chelsea.

	£'000
Cost	£2,220
Valuation	£3,762
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	25.0%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

SECOND HOME

Second Home offers flexible and modern office space for fast-growing technology firms and creative businesses. Combining architectural design with first-class amenities, Second Home provides users with an impressive office environment in which to locate their business for the short, medium and long term. The company has sites in London, Lisbon and Los Angeles.

	£'000
Cost	£1,485
Valuation	£294
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	2.7%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

SOURCED MARKET

Sourced Market is a retail, café and restaurant concept that offers a curated selection of locally-sourced fresh produce, replicating the products and ambience found at a farmers' market. The company's flagship site is situated at St Pancras station in London. As part of its recent transition to a travel hub model, Sourced Market opened a new site at the motorway service station in Leeds Skelton in 2020 and in Cobham in October 2021.
The business is currently in administration.

	£'000
Cost	£7,445
Valuation	£nil
Interest rolled up in fixed income investment	£nil
Basis of valuation	Market Value
Equity holding	40.5%
Investment in the year at cost	£1,200
Total income recognised in the year	£nil

Secret Food Tours

Secret Food Tours is a rapidly-growing food and beverage tour company that has developed a scalable and profitable approach to global expansion. Its flagship events centre on high-end food tours, culinary events and nightlife tours. The company operates tours across four continents.

	£'000
Cost	£2,000
Valuation	£1,637
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	20.5%
Investment in the year at cost	£1,000
Total income recognised in the year	£nil

Rubies in the Rubble

Rubies in the Rubble was founded in 2012 and produces sustainable condiments. Every Rubies product makes use of otherwise discarded ingredients: aesthetically rejected fruit and vegetables, or under-utilised by-products of food production. The business has focussed on the OOH (out of home) market, while also being stocked in leading supermarkets. Its range includes mayo, relishes and ketchup that contains three times more fruit and 50% less sugar than competitors.

	£'000
Cost	£732
Valuation	£732
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	9.3%
Investment in the year at cost	£482
Total income recognised in the year	£nil

Proper Ice Cream Hackney Gelato

Hackney Gelato was established in 2015 by two chefs, Sam and Enrico, who learnt the craft from the master Gualtieri of Sicily. The brand has quickly become one of the leading suppliers to high-end London restaurants, as well as retail customers through multiple channels including Ocado, Waitrose, Tesco, Whole Foods and independent retail outlets. Hackney Gelato has won 31 Great Taste awards in four years.

	£'000
Cost	£2,700
Valuation	£2,800
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	34.7%
Investment in the year at cost	£1,100
Total income recognised in the year	£nil

+Education

8.4%

of net assets

n. family club

N Nursery & Family Club is a seven-day-a-week neighbourhood club, which offers a nursery (N Nursery) during the week and a family club space (N Family Club) at weekends. N Nursery & Family Club is open 51 weeks per year, closing only between Christmas and New Year. To provide parents with a flexible offering, the nursery is open from 7am to 7pm. The business has 17 live sites including its latest additions.

	£'000
Cost	£5,200
Valuation	£9,273
Interest rolled up in fixed income investment	£58
Basis of valuation	Most recent round
Equity holding	12.2%
Investment in the year at cost	£2,000
Total income recognised in the year	£79

Kinteract

Kinteract is a digital education platform that enables collaboration between teachers, students and parents, and provides guidance to aid child development. It serves the entire school and learning sector, both in the UK and internationally. Kinteract is delivered through a simple and elegant interface on desktop, tablet and mobile versions, and allows practitioners, parents and students to record events linked to their learning and development in a collaborative way.

	£'000
Cost	£2,935
Valuation	£2,958
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	40.9%
Investment in the year at cost	£960
Total income recognised in the year	£nil

STITCH & STORY®

Stitch & Story is a modern craft brand, selling all-in-one DIY kits accompanied by bespoke online tutorials to teach viewers knitting and crafting techniques. Stitch & Story sells its products in the US and UK, both online and through third-party retailers such as John Lewis, Liberty and Fenwick, alongside over 100 boutique gift stores nationwide.

	£'000
Cost	£4,000
Valuation	£1,592
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	34.5%
Investment in the year at cost	£2,000
Total income recognised in the year	£nil

toucantech

Toucantech is a software-as-a-service (SaaS) CRM and website-builder used by schools, charities and companies to run their communities. It allows organisations to manage marketing, fundraising, alumni communications and events in one easy-to-use, vertically-integrated and cost-effective platform.

	£'000
Cost	£1,000
Valuation	£1,431
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	13.3%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

NEW

SMARTIFY

Smartify is an award-winning digital platform used by some of the world's most popular art and cultural institutions to bring their content to life. Smartify gives its users access to audio tours, a 'Shazam for art' feature covering more than two million artworks, and a suite of distance learning tools produced in association with the world's leading cultural institutions. Smartify was launched in 2017 by Tate trustee Anna Lowe and digital entrepreneur Thanos Kokkiniotis. The company's app is the UK's most popular museum app.

	£'000
Cost	£1,000
Valuation	£1,000
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	20.0%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

Annie Mals

Annie Mals was incorporated in November 2021 by Emily Samuels, an award-winning charity fundraiser and Oxbridge classics graduate. Emily has drafted a series of 15 to 20 illustrated children's books for four-to-six-year-olds. Once the first books have been published, Emily plans to license the characters for television animation and short-form YouTube content, with toys, clothing, and accessories also in the proposed pipeline.

	£'000
Cost	£500
Valuation	£500
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	20.0%
Investment in the year at cost	£500
Total income recognised in the year	£nil

+Design

9.0%
of net assets

KAT MACONIE

Kat Maconie, founded in 2008, designs and manufactures distinctive ladies' boots and shoes which are sold online, in department stores and boutiques globally. In the summer of 2017, the company collaborated with a Korean cosmetic major, resulting in a significant expansion in sales in the Asian market. This led to the launch of the Kat Maconie make-up range in 2019. The company opened its first retail concept store in Bermondsey in early 2019, which offers shopping and women's beauty treatments.

	£'000
Cost	£1,850
Valuation	£2,550
Interest rolled up in fixed income investment	£310
Basis of valuation	Multiples
Equity holding	24.8%
Investment in the year at cost	£nil
Total income recognised in the year	£96

TROUBADOUR

Troubadour Goods is a London-based luxury men's and women's accessories brand. It specialises in designing and creating superior handcrafted leather and textile goods, including an affordable range of products. Troubadour has recently opened its first London store at 65 Beak Street, with the entire collection on display.

	£'000
Cost	£2,540
Valuation	£4,274
Interest rolled up in fixed income investment	£118
Basis of valuation	Most recent round
Equity holding	40.5%
Investment in the year at cost	£800
Total income recognised in the year	£68

BELLA FREUD

Bella Freud is a fashion designer label producing a range of high-end men's and women's clothing and homeware, focusing on knitwear. The collections are available at the flagship store on Chiltern Street in London as well as online and through a range of luxury retail boutiques and department stores in the UK and around the world.

	£'000
Cost	£3,227
Valuation	£6,318
Interest rolled up in fixed income investment	£82
Basis of valuation	Most recent round
Equity holding	44.1%
Investment in the year at cost	£489
Total income recognised in the year	£48

ALEXACHUNG

The iconic model and designer, Alexa Chung, launched her fashion label in May 2017. The label offers accessible luxury womenswear, producing four in-season collections per year internationally, with stockists in over 15 countries. The management is working to deliver an orderly wind-down of the business.

	£'000
Cost	£4,122
Valuation	£nil
Interest rolled up in fixed income investment	£nil
Basis of valuation	Market Value
Equity holding	24.5%
Investment in the year at cost	£389
Total income recognised in the year	£nil

Heist

Established in 2015, Heist is a premium hosiery and shapewear manufacturer. It seeks to redefine how these products can feel and wear, using an innovative combination of technology from sports and space. The business has expanded its original range, launching more products into its shapewear and underwear line.

	£'000
Cost	£6,249
Valuation	£2,658
Interest rolled up in fixed income investment	£208
Basis of valuation	Most recent round
Equity holding	33.2%
Investment in the year at cost	£1,500
Total income recognised in the year	£48

PLAYERLAYER

PlayerLayer designs and manufactures customized sports kits for universities, sports clubs and schools. Since it was founded in 2008, it has become a leader in the premium education market, providing clothing for some of the top schools, universities and professional clubs. The business is currently in administration.

	£'000
Cost	£5,852
Valuation	£nil
Interest rolled up in fixed income investment	£nil
Basis of valuation	Market Value
Equity holding	34.5%
Investment in the year at cost	£1,150
Total income recognised in the year	£nil

Just Wears ™

JustWears is a men's basics brand, looking to disrupt a £31 billion category that is dominated by stagnant legacy brands and unsustainable products. JustWears is currently selling its maiden product, men's underwear. The brand prides itself on the use of innovative materials, with a focus on ergonomic designs and comfort, using sustainable, biodegradable, high-performance fabrics.

	£'000
Cost	£2,000
Valuation	£2,000
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	15.3%
Investment in the year at cost	£2,000
Total income recognised in the year	£nil

TALA

We Are Tala (TALA) is a sustainable activewear brand focused on 'Gen Z' (the generation born between 1997 and 2012) females. TALA was founded by fitness influencer Grace Beverley, who has amassed a loyal social media following of over a million on her personal Instagram account.

	£'000
Cost	£200
Valuation	£200
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	1.2%
Investment in the year at cost	£200
Total income recognised in the year	£nil

+Media

13.5%
of net assets

BOAT

Recognised as a significant worldwide media group serving the superyacht industry, Boat International Media provides information and data services across traditional print, digital media and high-quality events. The company continues to innovate: in 2019 it launched Boat Pro, a superyacht database leveraging its large collection of information on superyachts and the industry.

	£'000
Cost	£3,250
Valuation	£6,950
Interest rolled up in fixed income investment	£1,031
Basis of valuation	Multiples
Equity holding	17.9%
Investment in the year at cost	£nil
Total income recognised in the year	£95

STILLKING

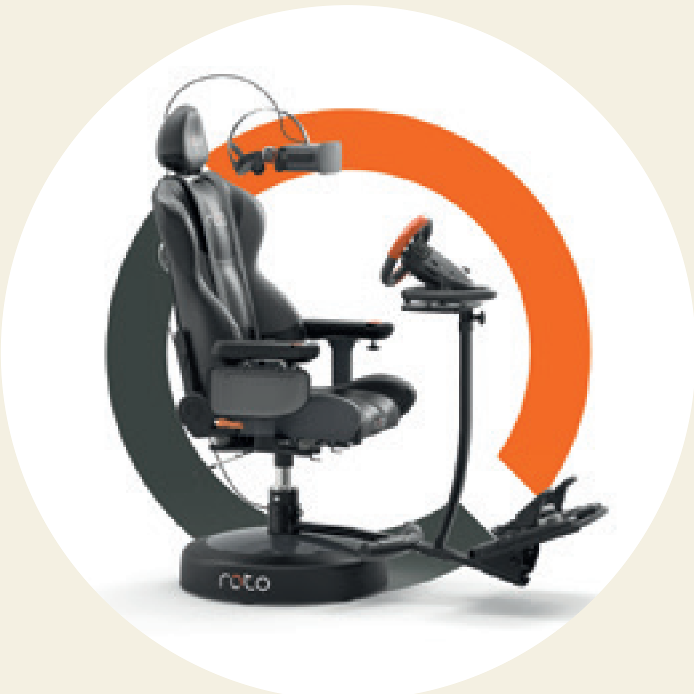
Stillking Films is a prolific producer of commercials, TV series, feature films and music videos. The company has created commercials for almost all Dow Jones and FTSE advertisers. It has co-produced a number of successful feature films, including Spider-Man: Far from Home, The Falcon and the Winter Soldier and Quantum of Solace. It has also created music videos for artists including Beyoncé, Kanye West, Blur, Madonna and One Direction.

	£'000
Cost	£1,452
Valuation	£5,720
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	4.9%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

Popsa

Popsa is a photobook app that uses proprietary machine learning algorithms to reduce the average time it takes for customers to produce photobooks from two hours to just five minutes. Popsa operates in a billion-dollar global industry that has been built on a clunky and frustrating process. By automating the selection of a customer's most relevant photos, Popsa's disruptive software removes this frustration.

	£'000
Cost	£5,200
Valuation	£13,684
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	18.0%
Investment in the year at cost	£800
Total income recognised in the year	£nil



roto®

Roto VR's flagship product is an interactive virtual reality (VR) chair. The chair syncs what users feel with what they see, by auto-rotating wherever the user looks. This phenomenon, known as gravitational presence, is achieved by incorporating accelerometers, gyroscopes and magnetometers inside the Roto Head tracker, a small device that clips onto the user's VR headset.

	£'000
Cost	£1,750
Valuation	£774
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	21.6%
Investment in the year at cost	£250
Total income recognised in the year	£nil

+Digital services

17.5%

of net assets

rated people

Rated People, founded in 2005, is one of the UK's leading online marketplaces for homeowners to find tradesmen for home improvement jobs. Trustpilot reviews Rated People as "excellent" with a rating of 4.5 out of 5.

	£'000
Cost	£641
Valuation	£1,057
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	1.2%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

WISHI

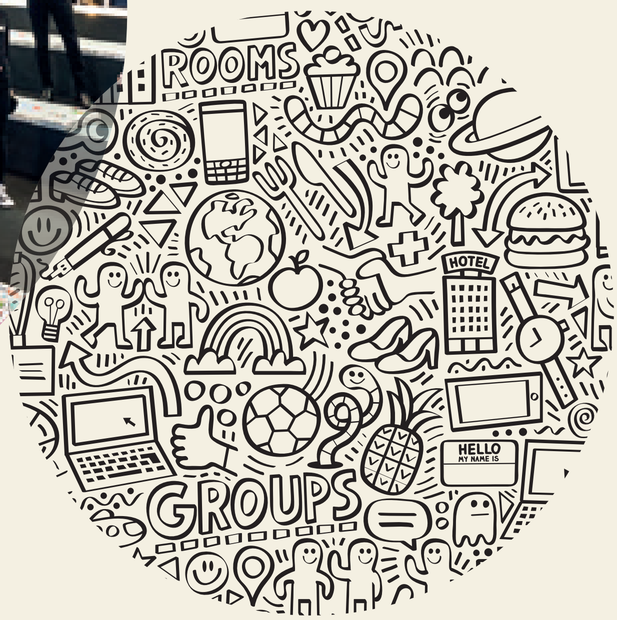
Wishi is an innovative fashion technology business. It brings together personal styling and online wardrobe management functionality to help fully exploit an individual's current wardrobe and provide new clothing suggestions personalized to their look. The business has recently launched its first white-label partnership with a major international online fashion retailer.

	£'000
Cost	£153
Valuation	£1,143
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	1.2%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

Unbolted

Unbolted provides a platform for peer-to-peer secured lending, offering short-term liquidity to individuals seeking bridging facilities, or advance sale loans for personal or small business use. In late 2019 the company launched its first mortgage product to complement the existing asset-backed lending product.

	£'000
Cost	£400
Valuation	£553
Interest rolled up in fixed income investment	£nil
Basis of valuation	Multiples
Equity holding	5.7%
Investment in the year at cost	£nil
Total income recognised in the year	£nil



HOTELMAP

HotelMap is a worldwide platform for managing hotel bookings exclusively for business events such as conferences, professional congresses, conventions and trade shows. The company seeks to exploit advantages associated with hotel booking for business events by creating a completely autonomous on-demand platform. HotelMap aims to become the dominant global brand in the sector, enabling the platform to aggregate buying power with hotel suppliers because of its ability to manoeuvre the world's largest audience of business event delegates to HotelMap's official hotels.

	£'000
Cost	£1,500
Valuation	£1,500
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	5.2%
Investment in the year at cost	£nil
Total income recognised in the year	£nil

FLOOM

Founded in July 2015, Floom is a curated global marketplace platform for independent florists; its mission is to become the primary destination for customers looking to send flowers worldwide. It also encompasses FloomX, which provides a complete back-office function for independent florists to make their work more streamlined, efficient and ultimately enjoyable. Floom is expanding its US operations by working with small independent florists.

	£'000
Cost	£4,415
Valuation	£5,914
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	24.5%
Investment in the year at cost	£2,000
Total income recognised in the year	£nil

credentially

Credentially is aiming to ease the administrative burden placed on both medical and clerical staff when applying for and filling job vacancies in health and social care. This application process is resource-intensive and can take up to six months. To reduce this burden, Credentially has developed software that automates the sign-up verification, and ongoing compliance of employees. Following success in the UK market, it is currently expanding in the US.

	£'000
Cost	£3,000
Valuation	£3,962
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	17.5%
Investment in the year at cost	£2,000
Total income recognised in the year	£nil

dropless

Dropless has grown rapidly, expanding beyond London to Bristol and Manchester through its regional B2B customers. Using their eco-friendly, non-hazardous nano solutions, Dropless helps save over 150 litres of water per vehicle wash. The company launched a scratch and dent repair service in November 2020 and has also recently completed the development of Dropless Hydroloop, the world's first closed-loop HGV and LCV wash system.

	£'000
Cost	£3,750
Valuation	£3,750
Interest rolled up in fixed income investment	£26
Basis of valuation	Most recent round
Equity holding	15.9%
Investment in the year at cost	£2,000
Total income recognised in the year	£26

OnePlan

OnePlan has built a collaborative, easy-to-use, real-time platform for event and venue planning. OnePlan combines the world's best selection of 2D, 3D, satellite and aerial maps into its platform to provide planners with a fully customizable solution to suit their event planning needs. The user-friendly design allows employees of all skill levels to use the platform without specialist training.

	£'000
Cost	£3,750
Valuation	£7,426
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	15.3%
Investment in the year at cost	£3,750
Total income recognised in the year	£nil

COAT

Launched in September 2020, COAT Paints is a paint brand seeking to disrupt a market dominated by ageing incumbents. COAT provides premium, environmentally-friendly paint at a cost around 20% lower than its direct competitors. Coat's entire range is water-based and solvent-free, low VOC (volatile organic compounds), 100% vegan and 100% animal cruelty-free.

	£'000
Cost	£3,000
Valuation	£5,260
Interest rolled up in fixed income investment	£23
Basis of valuation	Most recent round
Equity holding	21.7%
Investment in the year at cost	£3,000
Total income recognised in the year	£23

PWB peckwater BRANDS

Peckwater Brands develops virtual food brands for delivery-only restaurant franchises. These are operated by existing restaurant owners, allowing them to increase their revenue. Since its commercial launch in 2020, Peckwater has developed multiple brands, ranging from Korean fried chicken wings to a plant-based hot dog brand in partnership with Unilever.

	£'000
Cost	£1,000
Valuation	£4,486
Interest rolled up in fixed income investment	£nil
Basis of valuation	Most recent round
Equity holding	9.0%
Investment in the year at cost	£1,000
Total income recognised in the year	£nil

Statutory Reports

Strategic Report

This report has been prepared by the Directors in accordance with the requirements of s414 of the Companies Act 2006 and incorporates the Financial Summary, Chair's Statement and Investment Portfolio section.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company for shareholders' collective benefit.

Investment overview

The investment objective of the Company is to generate tax-free capital gains and income on investors' funds through investment, primarily in companies that are founder-led, while mitigating risk appropriately within the framework of the structural requirements imposed on all VCTs.

Investment policy

Investment objectives

The Company will continue to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or NEX, selecting companies which the Investment Manager believes provide the opportunity for value appreciation. Pending investment in suitable Qualifying Investments, the Investment Manager will make investments intended to generate a positive return, which may include certain money market securities, gilts, listed securities and cash deposits. The Company will continue to hold up to 20% of its net assets in such products after it is fully invested under the VCT rules.

Investment strategy

For its "qualifying investments" (being investments which comprise Qualifying Investments for a venture capital trust as defined in Chapter 4 Part 6 of the Income Tax Act 2007) ("Qualifying Investments"), the Company expects to invest primarily in unquoted companies, although it may also invest in companies whose shares are traded on AIM or NEX. The Company will invest in a diverse range of businesses, predominantly those which the Investment Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will continue to be biased towards founder-led and innovative businesses with an established brand or where brand development opportunities exist. The Company will invest in a small portfolio of carefully selected Qualifying Investments where the Investment Manager should be able to exert influence over key elements of each investee company's strategy and operations. The companies may be at any stage in their development from start-up to established businesses.

It is anticipated that, at any time, up to 20% of investments will be held in non-VCT qualifying investments, recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, up to 20% of the net proceeds of any offer may be invested in other funds, with the balance being invested in other investments, which may include certain money market securities and cash deposits.

Asset allocation

Qualifying Investment portfolio

Under current VCT legislation, the Company must at all times hold at least 80% of its funds in Qualifying Investments. Funds raised in a period of up to three years are excluded from this requirement, but at least 30% of funds raised in any accounting period must be invested in Qualifying Investments by the anniversary of the end of the accounting period in which those funds were raised.

For its Qualifying Investments, the Company will invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or NEX, and will invest up to a maximum of 15% (at the time of investment) in any single Qualifying Investment. The Investment Manager will seek to construct a portfolio comprising a diverse range of businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans.

Non-Qualifying Investment portfolio

Under current VCT legislation, the Company must have invested at least 80% of funds raised in Qualifying Investments within three years of the funds being raised (70% until 31 March 2020). However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years following a fundraise, a considerable proportion of those funds will need to be invested elsewhere, in Non-Qualifying Investments such as certain money market securities, listed securities and cash deposits. At any time after the end of the three years of initial investment in Qualifying Investments, the Company will hold no more than 20% of its funds in Non-Qualifying Investments.

The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. Until suitable Qualifying Investments are identified, up to 20% of the net proceeds of any offer will be invested in other funds, with the balance being invested in other investments, which may include money market securities and cash deposits.

Risk diversification

The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of unquoted companies, in particular, through targeting a variety of sectors. The Company may invest in a diverse range of securities: unquoted Qualifying Investments will typically be structured as a combination of ordinary shares, preference shares, convertible shares and loans. In order to limit concentration risk in the portfolio, at the time of investment no more than 15% by value of the relevant share pool of the Company will be invested in any single portfolio company. Further, at the time the investment is made, no more than 10% in aggregate of the NAV of the Company may be invested in other listed closed-ended investment funds.

Borrowing

In common with many other VCTs, although currently the Board does not intend that the Company will borrow funds, the Company has the ability to borrow funds provided that the aggregate principal amount outstanding at any time does not exceed 25% of the value of the adjusted capital and reserves of the Company at the time the borrowings are incurred. In summary, this is when the aggregate of (a) the issued share capital, plus (b) any amount standing to the credit of the Company's reserves less (c) any distributions declared and intangible assets and adjusting for any variation to the above since the date of the relevant balance sheet.

Strategic Report continued

Business review

A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chair's Statement (pages 8 and 9) and the Investment Manager's Review (pages 12 and 13). Details of the investments made by the Company are given in the Investment Portfolio section (pages 14 and 15). A summary of the Company's key financial measures is given on pages 6 and 7.

The Directors consider the following Key Performance Indicators (KPIs) to assess whether the Company is achieving its strategic objectives:

- Net Asset Value and NAV Total Return (discussed on pages 6 and 7)
- Return per Share (page 7)

The Directors believe these measures help shareholders assess how effectively the Company is applying its investment policy and are satisfied the results give a good indication of whether the Company is achieving its investment objectives and policy. The KPIs are established industry measures and have been discussed in detail in the Chair's Statement and Investment Manager's Report on pages 8, 12 and 13.

Management agreement

Pembroke Investment Managers LLP (the "Investment Manager"), which is authorised and regulated by the Financial Conduct Authority to conduct investment business, is the Investment Manager of the Company under the terms of an investment management agreement entered into on 15 February 2013, novated to the Investment Manager on 1 July 2014 and varied on 1 March 2013, 3 October 2014, 1 December 2017 and 16 July 2020 (the "IMA"). Pursuant to the IMA, the Investment Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments. The Investment Manager acts as the Alternative Investment Fund Manager to the Company.

The Investment Manager provides services in accordance with the IMA for which it receives a management fee subject to a cost cap of 2% of the Company's NAV subject to a cost cap. The effect of the cost cap is to restrict the management fee to 2% of NAV less the extent to which the Company's ordinary course annual costs and expenses exceed 0.5% of NAV. The cost cap does not apply to costs and expenses which are not in the ordinary course of the Company's business (for example, costs related to a share offer), any performance incentive fee and costs and expenses outside an agreed extensive list of standard ordinary course costs.

Contrary to many other Investment Managers, the Investment Manager does not receive any arrangement fees, monitoring fees, exit fees or directorship fees from any of the portfolio companies or the Company itself.

As is customary in the venture capital industry, the Investment Manager will be incentivised with a performance fee to align the interests of the Investment Manager and shareholders.

At a General Meeting held on 14 August 2020, a Deed of Amendment & Restatement dated 16 July 2020 was approved thereby revising the IMA and introducing a revised performance incentive fee. The key features of the revised fee are:

- performance incentive fees are only payable to the Manager if the Company's cumulative realised investment gains are greater than its cumulative realised investment losses. This high watermark net realised investment gain approach requires all realised investment losses, past and future, to be recovered before any performance incentive fees are paid;
- a Total Return hurdle of 3 pence per year from 14 August 2020 must be achieved before a performance incentive fee is paid to the Manager;
- the relevant performance incentive fees remain unchanged at 20% of the amount by which cumulative realised investment gains exceed cumulative realised investment losses, less previous performance incentive fees paid to the Manager;
- the relevant performance incentive fees will be calculated at each financial year end and half year balance sheet dates using information disclosed in the relevant year end or half year financial statements; and
- unless all the above conditions are met, no performance incentive fee will be payable to the Manager.

The adopted Deed of Amendment & Restatement also revised the duration of the Investment Manager's appointment under the IMA. Under the pre-14 August 2020 IMA, there were a further three years to run on the initial fixed ten-year term (after which the IMA would be terminated on one year's notice by either the Company or the Manager). It was resolved to revise these arrangements so that although the Company's current assets and funds would continue to be subject to a one-year rolling notice period, in future the Manager would have the benefit of a five-year term in relation to any new funds ("New Funds") raised by the Company (and any investments acquired from New Funds). This would revert to a rolling term with termination on one year's notice by either the Company or the Manager after the expiry of the relevant five-year period, although notice to terminate in respect of New Funds given by the Manager would not take effect until such time as the Manager ceases to manage any New Funds.

The Directors are of the opinion that the Investment Manager continues to raise, invest and manage funds for the Company successfully and that the continuing appointment of the Investment Manager on the terms agreed is in the interests of all shareholders.

Venture Capital Trust status

The Company was granted approval as a Venture Capital Trust by HM Revenue & Customs under s274 of the Income Tax Act 2007. The Directors have managed the affairs of the Company in compliance with this section throughout the year under review and intend to continue to do so.

Risk management

The Board has carried out a robust assessment of the principal and emerging risks facing the Company through a risk management programme whereby it continually identifies the principal risks and uncertainties faced by the Company, including those that would threaten its business model, future performance, solvency or liquidity, and reviews both the nature and effectiveness of the internal controls adopted to protect the Company from such risks as far as is possible. The principal risks facing the Company are Venture Capital Trust status risk and investment valuation and liquidity risk.

The Company is also a member of the Venture Capital Trust Association, whose aim is to promote and preserve the contributions of the VCT sector to the UK investment community and UK economy.

The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively, which may adversely affect an investment in the Company. In 2015 a sunset clause for VCT income tax relief was introduced. This provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is renewed by an HM Treasury order. The Company is monitoring this risk and the potential impact on the Company.

Venture Capital Trust status risk

The Company is required to fulfil certain criteria in order to maintain its VCT status. Where full approval as a VCT is not maintained, this could potentially result in the loss of tax relief (i.e. capital gains and income tax relief) which have been provided to both the Company and investors alike. The Investment Manager continually monitors compliance with the relevant VCT regulations, and has engaged Philip Hare & Associates LLP to provide periodic reports to ensure compliance.

Investment valuation and liquidity risk

The Company invests in small to medium sized businesses, some of which are start-up companies. This means, there is an inherent degree of risk and lower liquidity than is the case when investing in larger, established quoted companies. The Investment Manager performs in-house due diligence on all investments and commissions external advice and diligence as required. In addition, the Company aims to diversify its portfolio by investing in a range of industries and companies at varying stages of development.

Internal control risk

Failures in key controls – in particular those designed to mitigate Venture Capital Trust status risk and investment valuation and liquidity risk – within the Board or within the Investment Manager's business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

The Board seeks to mitigate the internal control risk by setting policy, regular reviews of investment performance, financial information, enforcement of contractual obligations and monitoring progress and compliance. Details of the Company's internal controls are included within the Corporate Governance Statement.

Economic risk

Events such as COVID-19, Brexit, geo-political unrest, inflation, economic recession and movement in interest rates can affect investor sentiment towards liquidity risk, and hence have a negative impact on the valuation of smaller companies. COVID-19 and Brexit could also prove to be events of opportunity as well. The Investment Manager seeks to mitigate any risk by seeking to adopt a suitable investment style for the current point in the business cycle, and to diversify the exposure to underlying sectors and end markets.

Operational risk

Failure of the Investment Manager's, or other contracted third-parties', accounting systems or disruption to their businesses might lead to an inability to provide accurate reporting and monitoring or loss to shareholders.
The Investment Manager regularly reviews the performance of third-party suppliers at management meetings and the Directors review the performance of the Investment Manager at Board meetings.

Social, environmental, community and human rights issues

The Company had no employees during the year and the Company has five Directors, including one female. The Company, being an externally managed investment company with no employees, has no specific policies in relation to environmental matters, social, community and human rights issues although it is committed to supporting these across its portfolio companies. The Company is promoting to its shareholders a wider adoption of electronic communication and electronic payments whilst using recycled paper for those documents that continue to be printed.

Statement on long-term viability

In accordance with the UK Corporate Governance Code in 2018 (the "2018 Code"), the Directors have considered their obligation to assess the viability of the Company over a period longer than the 12 months from the date of approval of the Financial Statements required by the going concern basis of accounting. The Directors have carried out a robust assessment of the prospects of the Company for the period to 31 March 2027, taking into account the Company's current position and principal risks, and are of the opinion that, at the time of approving the Financial Statements, there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due.

The Directors consider that for the purpose of this exercise a five-year period is an appropriate time frame, as it allows for reasonable forecasts to be made to allow the Board to provide shareholders with reasonable assurance over the viability of the Company. In making their assessment the Directors have taken into account the nature of the Company's business and investment policy, its risk management policies, the diversification of its portfolio and the Company's cash position.

Alternative Investment Fund Managers Directive ("AIFMD")

In July 2013 the AIFMD was implemented, a European directive affecting the regulation of VCTs. The Company has appointed its Investment Manager as its AIFM. The Company's Investment Manager was entered on the register of small registered UK AIFMs in February 2014. As an AIFM, the Investment Manager is required to submit an annual report to the FCA setting out various information relating mainly to the Company's investments, principal exposures and liquidity.

By Order of the Board
The City Partnership (UK) Limited
Company Secretary
28 June 2022

Directors' Report

This Directors' report incorporates the Corporate governance statement on pages 46 to 48 and the Statement of Directors Responsibilities on page 49.

Principal activity and status

The Company is registered as a public limited company in England and Wales under registration number 08307631. The Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with s274 of the Income Tax Act 2007.

Directors

The Directors of the Company during the period under review were Jonathan Djanogly, Laurence Blackall, Mark Stokes, Louise Wolfson and David Till. Brief biographical details of the Directors are given on page 10.

Share capital

There were 159,234,647 shares in issue at the year end.

During the year 53,112,984 shares were allotted under Offers for subscription at an average price of 119.99 pence per share raising £63.7 million before deducting issue costs. 1,333,860 shares were allotted under the FlexiDRIS at an average price of 115.43 pence per share raising £1.5 million.

Since the year end, 6,967,463 shares have been issued, refer to Note 25 on page 73 for further details.

The Company will consider requests to buy back shares but is mindful that investment in the Company was promoted as comparatively long term with venture capital portfolios typically taking from five to seven years to mature. During the year to 31 March 2022 9,449,365 shares were bought back by the Company.

The rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The holders of shares are entitled to receive dividends when declared, to receive the Company's report and accounts, to attend and speak at general meetings, to appoint proxies and to exercise voting rights. There are no restrictions on the voting rights attaching to the Company's shares or the transfer of securities in the Company.

Substantial shareholdings

At 31 March 2022 and as at the date of this report there were no holdings representing (directly or indirectly) 3% or more of the voting rights attached to the issued share capital of the Company.

Independent auditor

A resolution to appoint BDO LLP as Independent Auditor will be proposed at the forthcoming AGM.

Accountability and audit

The Directors' responsibility statement in respect of the Financial Statements is set out on page 49 of this report.

The report of the Independent Auditor is set out on pages 51 to 55 of this report. The Directors who were in office on the date of approval of these Financial Statements have confirmed that, as far as they were aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has taken all the steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information that has been communicated to the auditor.

Future developments

The primary focus will continue to be on the development of an investment portfolio which will deliver attractive returns over the medium to longer term. The Company will continue to provide support for the ongoing development of investee companies and the Company's Investment Manager will continue to work closely with all investee companies towards accelerating their growth and identifying possible exits in the short to mid-term. Further details on the Company's future prospects may be found in the Outlook paragraph in the Chair's Statement on page 9. Details of post balance sheet events may be found at Note 25 to the Financial Statements.

Going concern

In accordance with FRC Guidance for Directors on going concern and liquidity risk, the Directors have assessed the prospects of the Company and are of the opinion that, at the time of approving the Financial Statements, the Company has adequate resources to continue in business for at least 12 months from the date of approval of the Financial Statements. In reaching this conclusion the Directors took into account the nature of the Company's business and Investment Policy, its risk management policies, the diversification of its portfolio and the cash holdings. They have also reviewed the budgets and forecasts, which have been subject to liquidity stress tests performed by the Investment Manager, and consider that the Company has adequate financial resources to enable it to continue in operational existence for at least twelve months from the date of the approval of the financial statements. The Company's business activities, together with the factors likely to affect its future development, performance and position including the financial, geo-political unrest, COVID-19 and Brexit related risks the Company is exposed to are set out in the Strategic Report on pages 37 to 39. As a consequence, the Directors have a reasonable expectation that the Company has sufficient cash to continue to operate and the Company is well placed to manage its business risks successfully and meet its liabilities as they fall due despite the current emergency and unprecedented pace of change. Thus, the Directors believe it is appropriate to continue to apply the going concern basis in preparing the Financial Statements.

Financial instruments

Information on the principal financial instruments held by the Company, including details about risk management, may be found in the Investment Review forming part of the Strategic report and at Note 21 to the Financial statements.

Section 172 Statement: Directors' duty to promote the success of the Company

This section sets out the Company's Section 172 Statement and should be read in conjunction with the other contents of the Strategic Report. The Directors have a duty to promote the success of the Company for the benefit of its members as a whole. In fulfilling this duty, the Directors have regard to a number of matters including:

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

As an externally managed investment company, the Company does not have employees. Its main stakeholders therefore comprise the shareholders, the Investment Manager, investee companies and a small number of service providers.

Shareholders

The Board places great importance on communication with its shareholders and encourages shareholders to attend the AGM and welcomes communication from shareholders as described more fully on page 48 in the Corporate Governance Statement.

Investment Manager

The investment management services are fundamental to the long-term success of the Company through the pursuit of the investment objectives. The Board's decisions are intended to achieve the Company's objective to invest in a diversified portfolio of smaller, principally unquoted companies which the Investment Manager believes provide the opportunity for value creation. The Board regularly monitors the Company's performance in relation to its investment objectives and seeks to maintain a constructive working relationship with the Investment Manager. Representatives of the Investment Manager attend each quarterly board meeting and provide an update on the performance of companies in the portfolio.

Investee companies

The Company's performance is directly linked to the performance of its underlying investee companies and accordingly communication with those companies is regarded as very important. The Investment Manager has a director on the board of the many, but not all, of the portfolio companies and communicates with all of them irrespective of this on a regular basis. All investments also carry information rights so that the Company is provided with reporting updates at least quarterly.

Regulators

As the Company is a UK listed Company, the Board and Investment Manager comply with the Companies Act, and the requirements of the UKLA, HMRC, UK Accounting Standards and FCA regulatory requirements in addition to the Alternative Investment Fund Managers Directive, to ensure the Company can continue to trade. The Company continued to comply with these regulations throughout the year and to the date of this Report.

Key decision making

The Board has policies for dividends, share buybacks and the dividend reinvestment scheme which are discussed regularly and also discusses fundraising each year to ensure funds are available for investment where opportunities exist with new or existing investee companies. The Board also discusses the cash balances, distributable reserves and the VCT rules to ensure the Company can pay stable dividends for investors, with additional special dividends linked to investment realisations, and conducts share buybacks.

Other service providers

Certain providers such as registrar, receiving agent, tax adviser, auditor, lawyers and others contract directly with the Company and do work on its behalf. Some providers such as the distributor provide their services to the Company via a contract with the Investment Manager. The quality of the provision of these services is considered by the Directors at Board meetings. The Board's primary focus in promoting the long-term success of the Company for the benefit of the members as a whole is to direct the Company with a view to achieving the investment objective in a manner consistent with its stated investment policy and strategy.

Global greenhouse gas emissions

The Company has no direct greenhouse gas emissions or energy consumption to report from its operations, being an externally managed investment company. The Company does not fall within the scope of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 effective as of 1 April 2019 which implements the Government's policy on Streamlined Energy and Carbon Reporting, replacing the Carbon Reduction Commitment Scheme. The 2018 Regulations require companies that have consumed over 40,000 kilowatt-hours of energy to include energy and carbon information in their Directors' Report. This does not apply to the Company as it qualifies as a low energy user.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where this information is set out. The Directors confirm that there are no disclosures required to be made in this regard.

By Order of the Board
The City Partnership (UK) Limited
Company Secretary
28 June 2022

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) (the "Regulations"). An ordinary resolution for the approval of the Directors' Annual Report on Remuneration will be put to members at the forthcoming AGM.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report.

The disclosures which have been audited are indicated as such. The auditor's opinion on these and other matters is set out in their report on pages 51 to 56.

Annual statement from the Chair of the Company

Jonathan Djanogly and Laurence Blackall began their term on 27 November 2012. David Till was appointed as a Director of the Company on 28 August 2018. Mark Stokes and Louise Wolfson were appointed as Directors on 1 January 2021. The Board resolved that, with effect from 1 April 2020, the Chair's annual fee would be increased to £30,000 (from £20,000) and the annual fee for other Directors would be increased to £25,000 (from £15,000). David Till has waived his annual fee with effect from 1 April 2020.

The Company has introduced a Remuneration and Nomination Committee which shall meet as required, and at least annually. The committee will review the appointments to the Board and its committees and the levels of director remuneration.

Directors' remuneration policy

The Board considers that Directors' fees should reflect the time commitment required and the high level of responsibility borne by Directors, and should be broadly comparable to the fees paid by similar companies while ensuring that the fees payable are appropriate to retain individuals of sufficient calibre to lead the Company in achieving its short and long-term strategy. The Company's Articles of Association, further to a resolution passed at a General Meeting held on 14 August 2020, place an overall annual limit of £150,000 (£100,000 pre-14 August 2020) on Directors' remuneration. None of the Directors is eligible for pension benefits, share options, bonuses or other benefits in respect of their services as non-executive Directors of the Company. The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

This policy was last approved by members at the AGM in 2020.

Terms of appointment

None of the Directors has a service contract with the Company. On being appointed, all Directors received a letter from the Company setting out the terms of their appointment, details of the fees payable and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the Company on the expiry of three months' notice in writing given by the Director or the Company as the case may be. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. The letters of appointment are available for inspection on request from the Company Secretary. The Company's Articles of Association provide that the Directors will be subject to election at the first annual general meeting after their appointment and at least every three years thereafter. Brief biographical details of the Directors are given on page 10.

Directors' annual report on remuneration

Directors' fees for the year (audited)

The fees payable to individual Directors in respect of the year ended 31 March 2022 are shown in the table below.

Director	Total annual fee £	Total fee paid for the year ended 31.03.22 £	Total fee paid for the year ended 31.03.21 £
Jonathan Djanogly	30,000	30,000	30,000
Laurence Blackall	25,000	25,000	25,000
Mark Stokes*	25,000	25,000	6,250
Louise Wolfson*	25,000	25,000	6,250
David Till**	25,000	nil	nil

*Mark Stokes and Louise Wolfson were appointed to the Board on 1 January 2021.
**David Till waived his annual fee with effect from 1 April 2020.

No taxable benefits were paid to the Directors, no pension related benefits were paid to the Directors and no monies or other assets were received or receivable by the Directors for the relevant financial year. There were no fees payable to past Directors or payments made for loss of office. There is no comparative information in respect of employee remuneration as the Company has no employees.

Fees are not specifically related to the Directors' performance, either individually or collectively.

Relative importance of spend on pay

The table below shows the total remuneration paid to the Directors and shareholder distributions in the year to 31 March 2022 and the prior year. There were no outstanding balances due at the year end.

	Year ended 31.03.22 £	Year ended 31.03.21 £	Percentage increase %
Total Directors' fees	105,000	67,500	55
Dividend	9,290,670	7,224,890	28
Total Directors' fees as a % of dividend	1.1%	0.9%	-

Directors' shareholdings (audited)

The beneficial interests of the Directors in the shares of the Company at the year end were as follows:

	As at 31.03.22		As at 31.03.21	
Director	shares held	% of shares in issue	shares held	% of shares in issue
Jonathan Djanogly	75,992	0.048	75,992	0.07
Laurence Blackall	307,942	0.193	307,942	0.27
Mark Stokes	17,178	0.011	n/a	n/a
Louise Wolfson	8,250	0.005	n/a	n/a
David Till	410,437	0.258	329,334	0.29

The Company confirms that it has not set out any formal requirements or guidelines for a Director to own shares in the Company.

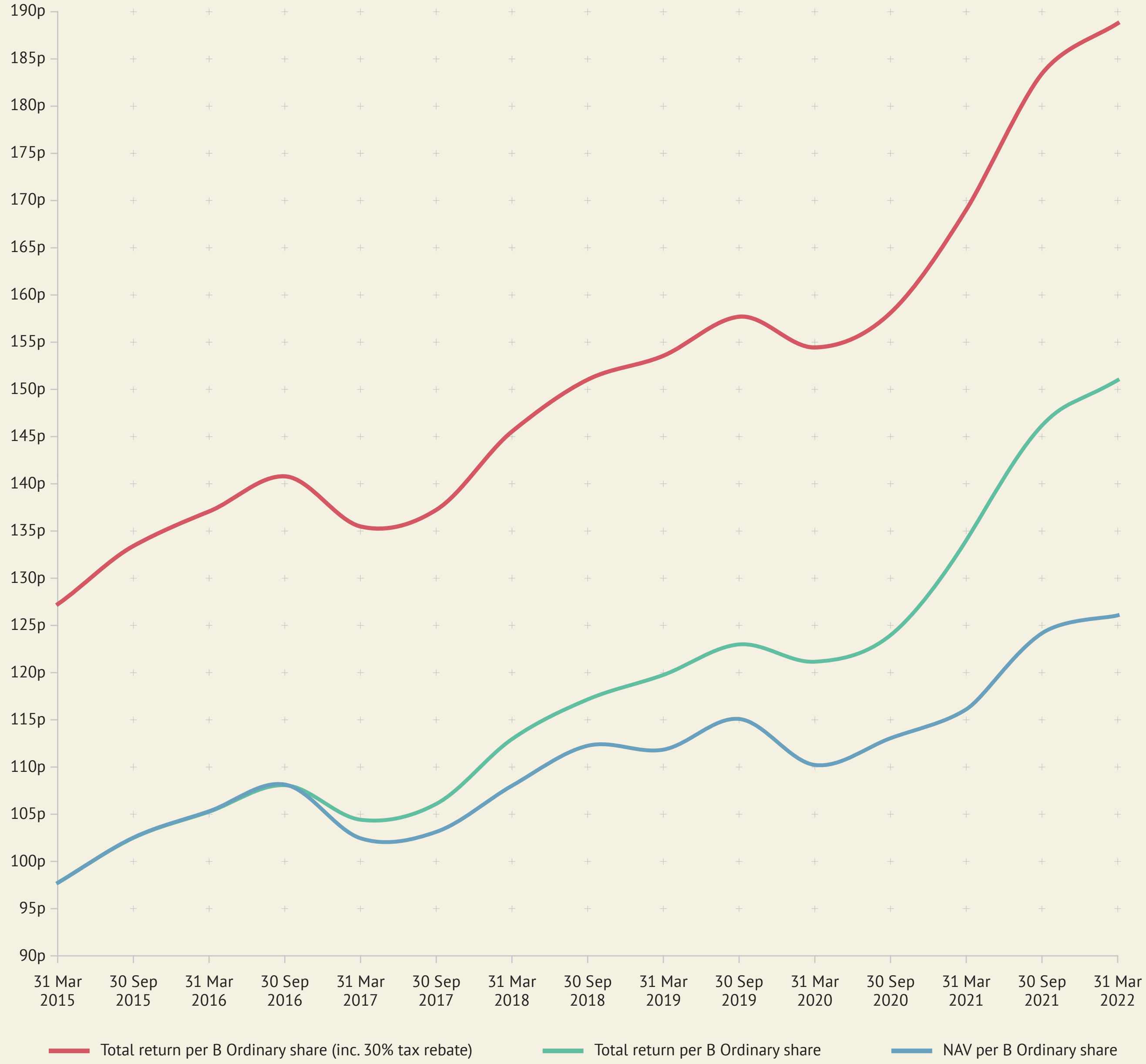
Directors' Remuneration Report continued

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through a management agreement. The Directors consider that a comparison of investment performance against the FTSE UK Small Cap Index is the best available metric, although readers should note that the differences between the scale, capital structure and liquidity of investments in the two differ markedly.

The graph below illustrates the Company's share price, net asset value and total return per share with the total return from a notional investment of 100p in the FTSE UK Small Cap Index over the same period.

Pembroke VCT plc B Ordinary shares



At the AGM held on 30 September 2021, 99.02% of the votes cast were for, 0.98% of the votes cast were against, and 49,461 shares were withheld in respect of the resolution approving the Directors' remuneration report.

On behalf of the Board
Jonathan Djanogly
Director
28 June 2022

Governance

Corporate Governance Statement

The Directors of Pembroke VCT plc confirm that the Company has taken appropriate action to enable it to comply with the Principles of the UK Corporate Governance Code (the "2018 Code") issued by the Financial Reporting Council in 2018 which is publicly available at https://www.frc.org.uk/directors/corporate-governance-and-stewardship/ukcorporate-governance-code. Apart from the matters referred to in the following paragraph, the requirements of the Code were complied with throughout the year ended 31 March 2022.

The Company complies with all the provisions of the 2018 Code save that:

(i) the Company does not conduct on an annual basis a formal review as to whether there is a need for an internal audit function, as the Directors do not consider that an internal audit would be an appropriate control for a venture capital trust;

(ii) as all the Directors are non-executive and in light of the responsibilities delegated to the Manager, its VCT status adviser and Company Secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive Director; and

(iii) in view of its non-executive nature, to ensure continuity of experience amongst members of the Board and the requirement under the Articles that all Directors are subject to election by shareholders at the first annual general meeting after their appointment and thereafter at every third annual general meeting, the Board considers that it is not appropriate for the Directors to be subject to annual re-election or appointed for a fixed term.

David Till, who is not an independent Director, is subject to annual re-election under the Listing Rules.

Full details of duties and obligations of the Directors are provided at the time of appointment and are supplemented by further details as necessary. There is no formal induction programme for Directors but any newly appointed Director will be given a comprehensive introduction to the Company's business, including meeting the Company's advisers.

Board of Directors

The Company has a Board of five non-executive Directors, four of whom are considered to be independent. The fifth Director, David Till, is also a member of the Investment Manager. In accordance with the Listing Rules, David Till is subject to annual re-election by shareholders. The Company has no employees.

All non-executive Directors have signed letters confirming the terms of their appointment as non-executive Directors. These are all dated with effect from 1st January 2021.

Jonathan Djanogly and Laurence Blackall have each served for ten years and are presenting themselves for re-election at the AGM in September 2022 for a final three-year term. This will ensure continuity of experience within the Company's Board as it prepares for succession planning in the near to medium term.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Company's VCT status adviser, Philip Hare & Associates LLP, and by the Company Secretary, The City Partnership (UK) Limited. The Board has direct access to corporate governance advice and compliance services through the Company Secretary, which is responsible for ensuring that Board procedures are followed and compliance requirements are met.

All Directors may take independent professional advice in furtherance of their duties as necessary.

The Board is responsible to shareholders for the proper management of the Company and looks to meet on at least four occasions each year. It has formally adopted a schedule of matters which must be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. Those matters include the appointment or removal of the Investment Manager and monitoring the performance of the Investment Manager and investee companies. The Chair and the Company Secretary establish the agenda for each Board meeting and all necessary papers are distributed in advance of the meetings.

The Board has considered the recommendations of the Code concerning diversity and welcomes initiatives aimed at increasing diversity generally. The Board believes, however, that all appointments should be made on merit rather than positive discrimination. The policy of the Board is that maintaining an appropriate balance around the Board table through a diverse mix of skills, experience, knowledge and background is of paramount importance and all forms of diversity are a significant element of this.

Board performance

The Board aims to carry out performance evaluations of the Board and the Audit & Valuations Committee and, consequently, individual Directors each year. Due to the size of the Company, the fact that all Directors are non-executive and the costs involved, external facilitators will not be used in the evaluation. A performance evaluation of the Board, the Audit & Valuations Committee and individual Directors was led by Jonathan Djanogly. The Directors concluded that the balance of skills is appropriate and all Directors contribute fully to discussion in an open, constructive and objective way. With the additional two new Directors in 2021 the size and composition of the Board is considered adequate for the effective governance of the Company. As all Directors have acted in the interests of the Company throughout the period of their appointment and demonstrated commitment to their roles the Board recommends those presenting themselves be re-elected at the AGM.

Audit & Valuations Committee

The Audit & Valuations Committee operates within clearly defined written terms of reference which are available on request from the Company Secretary.

The Audit & Valuations Committee comprises three independent Directors. The members of the committee are Laurence Blackall (Chair), Mark Stokes and Louise Wolfson. Jonathan Djanogly was a member of the Audit & Valuations Committee until 11 November 2021.

A quorum shall be two members.

During the year ended 31 March 2022 and up to the date of signing the Annual Report and Financial Statements, the Audit & Valuations Committee discharged its responsibilities by:

- Reviewing the content and monitoring the integrity of the Financial Statements of the Company, including the fair value of investments as determined by the Investment Manager, calculation of the management fee and allocation of expenses between revenue and capital, and making recommendations to the Board;
- Reviewing the Company's accounting policies;
- Reviewing internal controls and assessing the effectiveness of those controls in minimising the impact of key risks;
- Reviewing and approving the statements to be included in the Annual Report concerning the internal control and risk management;
- Reviewing the need to appoint an internal audit function;
- Reviewing and approving the Independent Auditor's terms of engagement, including remuneration;
- Reviewing and monitoring the independence and objectivity of the auditor and the effectiveness of the audit process;
- Reviewing and approving the Independent Auditor's audit plan;
- Recommending to the Board and shareholders the ongoing appointment of and fee payable to BDO LLP; and
- Reviewing the arrangements for staff of the Investment Manager to raise concerns in confidence about possible improprieties in financial reporting or other matters and ensuring that those arrangements allow proportionate and independent investigation of such matters and appropriate follow-up actions.

The key areas of risk identified by the Audit & Valuations Committee in relation to the business activities and Financial Statements of the Company are:

- Compliance with HM Revenue & Customs rules – in particular s274 of the Income Tax Act 2007 – to maintain the Company's VCT status; and
- Valuation of unquoted investments.

These risks were discussed with the Investment Manager at the Audit & Valuations Committee meeting before sign-off of the Financial Statements. The Committee concluded:

- Venture Capital status – the Investment Manager confirmed to the Audit & Valuations Committee that the conditions for maintaining the Company's status had been complied with throughout the year.
- Valuation of unquoted investments – the Investment Manager confirmed to the Audit & Valuations Committee that the basis of valuation for unquoted companies was in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. The valuation of unquoted investments is discussed regularly at Board meetings; Directors are also consulted about material changes to these valuations between Board meetings. The Audit & Valuations Committee examined the Investment Manager's confirmation and considered it appropriate.

The Investment Manager and auditor confirmed to the Audit & Valuations Committee that they were not aware of any material misstatements. Having reviewed the Company's Financial Statements and reports received from the Investment Manager and auditor, the Audit & Valuations Committee is satisfied that the key areas of risk and judgment have been appropriately addressed in the Financial Statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

The Audit & Valuations Committee has managed the relationship with the auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the period under review the Committee considered the auditor's technical knowledge and that they have a clear understanding of the business of the Company; that the audit team is appropriately resourced; that the auditor provided a clear explanation of the scope and strategy of the audit and maintained independence and objectivity. As part of the review of auditor effectiveness and independence, BDO LLP has confirmed that it is independent of the Company and has complied with applicable auditing standards. During the financial year, BDO LLP did not provide any non-audit services to the Company and the Audit & Valuations Committee must approve the appointment of the external auditor for any non-audit services. BDO LLP was appointed by the Board as auditor in February 2020 following a tender process, therefore the current partner has only served for three year ends. The Board notes that statutory audit retendering is required after an auditor has been in place for ten years.

Corporate Governance Statement continued

Remuneration & Nomination Committee

The Remuneration & Nomination Committee operates within clearly defined written terms of reference which are available on request from the Company Secretary.

The Remuneration & Nomination Committee comprises four independent Directors. The members of the committee are Louise Wolfson (Chair), Laurence Blackall, Jonathan Djanogly and Mark Stokes.

A quorum shall be two members.

The Committee met for the first time on 11 November 2021 and shall meet at least once a year and otherwise as required.

Attendance at Board and committee meetings

During the year ended 31 March 2022 there were:

- Four full Board meetings;
- Three Audit & Valuations Committee meetings; and
- One Remuneration & Nomination Committee meeting.

The Directors' attendance at these meetings is noted below.

Director	Board	Audit & Valuations Committee	Remuneration & Nomination Committee
Jonathan Djanogly	4	2*	1
Laurence Blackall	4	3	1
Mark Stokes	4	3	1
Louise Wolfson	4	3	1
David Till	3	n/a	n/a

*Jonathan Djanogly was not a member of the Committee when it met on 3 February 2022

Internal control

The Board has established a process for the identification, evaluation and management of the significant risks faced by the Company. The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information on which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature provide only reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of investments and regular reviews of both the financial results and investment performance.

The Board has delegated to third parties the provision of investment management services, VCT status advisory services, broking services, day-to-day accounting, company secretarial and administration services, receiving agent and share registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Manager. Ad hoc reports and information are supplied to the Board as required. The Board keeps under review the terms of the agreement with the Investment Manager.

Review of internal control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review covers a consideration of the significant risks in each of three areas: statutory and regulatory compliance; financial reporting; and investment strategy and performance. Each risk is considered with regard to: the likelihood of occurrence, the probable impact on the Company, and the controls exercised at source, through reporting and at Board level. The Board has identified no problems with the Company's internal controls.

Relations with shareholders

The Board welcomes the views of shareholders and puts a premium on effective communication with the Company's members. Shareholders are encouraged to attend the Company's Annual General Meeting where the Directors and representatives of the Company's advisers will be available to answer any questions members may have.

The Board also communicates with shareholders through the half-yearly and annual reports and financial statements, which will include a Chair's Statement and an Investment Manager's report, both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

The Company distributes investor statements to shareholders annually in February. The Company also provides an Investor Hub, https://pembroke-vct.cityhub.uk.com, where shareholders and their financial intermediaries can view the indicative shareholding valuations, transaction history and dividend history, and deal with a range of administration matters.

On behalf of the Board
Jonathan Djanogly
Director
28 June 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Company's financial statements 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 for the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the Company will continue in business;
- prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
Jonathan Djanogly
Director
28 June 2022

Auditor's Report

Independent Auditor's Report

to the members of Pembroke VCT plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Pembroke VCT PLC (the 'Company') for the year ended 31 March 2022 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 31 March 2020 to 31 March 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status.
- Reviewing and challenging the forecasted cash flows that support the Directors' assessment of going concern, taking into account the current levels of cash and considering the discretionary nature of the Company's significant cash outflows.
- Calculating financial ratios to consider the financial health of the Company.

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

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

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

Overview

		2022	2021
Key audit matters	Valuation of Unquoted Investments	X	X
Materiality	£3,220,000 (2021: £2,370,000) based on 2% (2021: 2%) of gross investments		

Independent Auditor’s Report continued

An overview of the scope of our audit

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

Key audit matters

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

Key Audit Matter: Valuation of unquoted investments (Notes 4 and 12 to the financial statements)

All investments held are unquoted. There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting of both equity and loan stock instruments.

The Investment Manager’s fee is based on the value of the net assets of the fund, as shown in note 7.

The Investment Manager is also responsible for valuing investments for the financial statements and although the valuations are reviewed and approved by the Directors, there is a potential risk of misstatement of investment valuations.

How the scope of our audit addressed the key audit matter

For the unquoted portfolio, we performed the following:

- Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines. Where there has been a change in valuation methodology from prior year, we assessed whether the change was appropriate.
- Considered the change in market multiples and discount applied from prior year and if these were supported by the performance of the underlying investment.
- Ensured that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation.

Further for a sample of 87% of the unquoted investment portfolio by value of investment holdings, we performed the additional procedures:

- Re-performing the calculation of the multiples-based investment valuations.
- Verifying and benchmarking key inputs and estimates to independent information and our own research and against metrics from the most recent investments.
- Challenging the assumptions inherent in the valuation of unquoted investments and assessing the impact of the estimation uncertainty concerning these assumptions.
- Considering the economic environment in which the investment operates to identify factors that could impact the investment valuation.
- For investments valued using cost (where the investment was recently acquired), the price of a recent investment, or an offer to acquire the investee company, we checked the cost or third party offer to supporting evidence, reviewed the calibration of fair value and considered the Investment Manager’s determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 March 2022.

For a sample of loans held at fair value included above, we:

- Checked security held to supporting documentation.
- Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the “unit of account” concept.
- Reviewed the treatment of accrued redemption premium/other fixed returns in line with the Statement of Recommended Practice.

Key observations

Based on the procedures performed we noted that the methodology and assumptions used to value unquoted investments to be appropriate.

Our application of materiality

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Company Financial Statements 2022	2021
Materiality	£3,220,000	£2,370,000
Basis for determining materiality	2% of gross investments	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of gross assets.	
Performance materiality	£2,090,000	£1,540,000
Basis for determining performance materiality	65% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We determined that for profit before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result , we determined a lower testing threshold for those items impacting revenue return of £250,000 (2021: £150,000) based on 5% of gross expenditure.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £60,000 (2021: £40,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Independent Auditor's Report continued

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

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") updated in January 2021 with consequential amendments and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures included, but were not limited to:

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

We assessed the susceptibility of the financial statement to material misstatement including fraud and considered the fraud risk areas to be the valuation of unquoted investments and management override of controls.

Our tests included, but were not limited to:

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
28 June 2022

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

Financial Statements

Income Statement

for the year ended 31 March 2022

For the year ended 31 March 2022	Note	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	12	–	27,755	27,755
Income	6	2,204	–	2,204
Interest write-offs		(569)	–	(569)
Investment Manager's fees	7	(835)	(2,506)	(3,341)
Performance Incentive fee		–	(377)	(377)
Other expenses	8	(1,186)	(378)	(1,564)
(Loss)/profit before tax		(386)	24,494	24,108
Tax	9	–	–	–
(Loss)/profit attributable to equity shareholders		(386)	24,494	24,108
Return per share (pence)	11	(0.3)	19.6	19.3

For the year ended 31 March 2021	Note	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	12	–	16,741	16,741
Income	6	983	–	983
Interest write-offs		(545)	–	(545)
Investment Manager's fees	7	(576)	(1,729)	(2,305)
Other expenses	8	(790)	(75)	(865)
(Loss)/profit before tax		(928)	14,937	14,009
Tax	9	–	–	–
(Loss)/profit attributable to equity shareholders		(928)	14,937	14,009
Return per share (pence)	11	(0.9)	14.6	13.7

The total column of this Income Statement represents the profit and loss account of the Company, prepared in accordance with Financial Reporting Standard 102 ("FRS 102"). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") revised in November 2014 and updated in April 2021. A separate Statement of Comprehensive Income has not been prepared as there is no comprehensive income other than the results for the year discussed above.

All the items above derive from continuing operations of the Company.

The notes on pages 61 to 73 are an integral part of the Financial Statements.

Balance Sheet

as at 31 March 2022

	Note	31.03.22 £'000	31.03.21 £'000
Fixed assets			
Investments	12	161,445	119,079
Current assets			
Debtors	14	1,580	1,661
Cash at bank and in hand		39,612	12,420
		41,192	14,081
Creditors: amounts falling due within one year	15	(1,427)	(245)
Net current assets		39,765	13,836
Creditors: amounts falling due after more than one year	16	(625)	(249)
Net assets		200,585	132,666
Capital and reserves			
Called up share capital	17, 18	1,592	1,142
Share premium account	18	74,131	11,722
Capital redemption reserve	18	97	2
Special reserves	18	76,106	95,248
Capital reserves	18	49,234	24,740
Revenue reserves	18	(575)	(188)
Total shareholders' funds		200,585	132,666
Net asset value per share (pence)	19	126.0	116.1

The Financial Statements were approved by the Directors and authorised for issue on 28 June 2022 and signed on their behalf by:

Jonathan Djanogly
Director

Company registered number: 08307631

The notes on pages 61 to 73 are an integral part of the Financial Statements.

Statement of Changes in Equity

for the year ended 31 March 2022

For the year ended 31 March 2022		Non-distributable reserves				Distributable reserves				
						Restricted	Unrestricted			
	Note	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Special reserve* £'000	Special reserve* £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
Opening balance as at 1 April 2021		1,142	11,722	2	36,367	76,145	19,103	(11,627)	(188)	132,666
Investment disposal	12	–	–	–	(18,296)	–	–	18,296	–	–
Total comprehensive income for the period		–	–	–	40,628	–	–	(16,134)	(386)	24,108
Transfer of unrealised losses to realised losses for period to 31 March 2021		–	–	–	4,549	–	–	(4,549)	–	–
Shares issued	17	544	64,726	–	–	–	–	–	–	65,270
Share issue expenses	17	–	(2,317)	–	–	–	–	–	–	(2,317)
Share bought back	17	(95)	–	95	–	–	(9,852)	–	–	(9,852)
Transfer of distributable reserves		–	–	–	–	(12,047)	12,047	–	–	–
Dividends paid	10	–	–	–	–	–	(9,290)	–	–	(9,290)
Closing balance as at 31 March 2022		1,592	74,131	97	63,248	64,098	12,008	(14,014)	(575)	200,585

For the year ended 31 March 2021	Non-distributable reserves				Distributable reserves				
					Restricted	Unrestricted			
	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Special reserve* £'000	Special reserve* £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
Opening balance as at 1 April 2020	958	85,486	2	14,629	–	9,472	(4,826)	740	106,461
Total comprehensive income for the period	–	–	–	16,740	–	–	(1,803)	(928)	14,009
Shares issued	177	19,849	–	–	–	(915)	–	–	19,111
Share issue expenses	–	(605)	–	–	–	–	–	–	(605)
Share reorganization	7	(7)	–	–	–	–	–	–	–
Share premium cancellation	–	(93,001)	–	–	76,145	16,856	–	–	–
Investment disposal	–	–	–	4,998	–	–	(4,998)	–	–
Dividends paid	–	–	–	–	–	(6,310)	–	–	(6,310)
Closing balance as at 31 March 2021	1,142	11,722	2	36,367	76,145	19,103	(11,627)	(188)	132,666

*Special reserve is available for distribution, subject to the restrictions tabled in Note 18 of the financial statements.

The notes on pages 61 to 73 are an integral part of the Financial Statements.

Statement of Cash Flow

for the year ended 31 March 2022

	Note	Year ended 31.03.22 £'000	Year ended 31.03.21 £'000
Operating activities			
Investment income received – qualifying		402	110
Deposit and similar interest received – non-qualifying		3	2
Investment Manager's fees paid		(2,327)	(2,291)
Performance incentive fee		(377)	–
Directors' fees		(115)	(45)
Other cash payments		(1,293)	(678)
Net cash outflow from operating activities	20	(3,707)	(2,902)
Cash flows from investing activities			
Purchase of investments	12	(27,170)	(14,632)
Disposal of investments		22,574	4,543
Long-term loan made	12	(9,150)	(3,850)
Long-term loans repaid	12	834	23
Net cash outflow from investing activities		(12,912)	(13,916)
Cash flows from financing activities			
Share issue proceeds		65,271	20,644
Share issue expenses		(2,317)	(604)
Share buybacks paid		(9,852)	-
Equity dividend paid		(9,291)	(7,225)
Net cash inflow from financing		43,811	12,815
Increase/(decrease) in cash and cash equivalents		27,192	(4,003)
Cash and cash equivalents at the beginning of the period		12,420	16,423
Cash and cash equivalents at the end of the period		39,612	12,420

The notes on pages 61 to 73 are an integral part of the Financial Statements.

Notes to the Financial Statements

1. Company information

The Company is a Public Limited Company incorporated in England and Wales. The registered address is 3 Cadogan Gate, London. SW1X 0AS. The principal activity is investing in unlisted growth companies.

2. Basis of preparation

These Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies (issued in April 2021 – "SORP") to the extent that they do not conflict with International Accounting Standards in conformity with the Companies Act 2006. The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Financial Statements are prepared in pounds sterling, which is the functional currency of the Company.

3. Going concern

In accordance with FRC Guidance for Directors on going concern and liquidity risk, the Directors have assessed the prospects of the Company and are of the opinion that, at the time of approving the Financial Statements, the Company has adequate resources to continue in business for at least 12 months from the date of approval of the Financial Statements. In reaching this conclusion the Directors took into account the nature of the Company's business and Investment Policy,
its risk management policies, the diversification of its portfolio and the cash holdings. They have also reviewed the budgets and forecasts, which have been subject to liquidity stress tests performed by the Investment Manager, and consider that the Company has adequate financial resources to enable it to continue in operational existence at least 12 months from the date of approval of the Financial Statements. Therefore, the Company continues to adopt the going concern basis in preparing these Financial Statements.

4. Significant judgements and estimates

The preparation of the Financial Statements may require the Board to make judgements and estimates that affect the application of policies and reported amounts of assets.

The carrying value of the unquoted fixed asset investments requires estimates to determine fair values. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. However, because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. All unquoted investments are valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines December 2018, this relies on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies and liquidity or marketability of the investments held. Although the estimates and the assumptions applied are under continuous review to ensure that the fair values are appropriately stated there is a risk that the carrying value of an unquoted investment may require material adjustment either within the next year or in the longer term. More information related to the unquoted investment and their valuations is included in Note 12 and the Investment Manager's Review.

5. Accounting policies

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

a) Investments

The Company did not hold any listed investments at any time during the reporting period. Investments in unlisted companies are held at fair value through profit or loss. Information about the portfolio is provided internally to the Directors on that basis and the Directors consider the basis to be consistent with the Company's investment strategy.

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines December 2018. The portfolio valuations are prepared by the Investment Manager and subsequently reviewed and approved by the Board.

In determining fair value, the Investment Manager uses various valuation methods, including a combination of the price of recent investment and market-based approach. The market-based approach ascribes a value to a business interest or shareholding by comparing it to similar businesses, using the principle of substitution: that is, that a prudent purchaser would pay no more for an asset than it would cost to acquire a substitute asset with the same utility and income earning potential. The price of recent investment will only be used as fair value after careful consideration of all the facts and circumstances concerning the underlying investment.

Notes to the Financial Statements continued

5. Accounting policies (continued)

When using the cost or price of recent investment in the valuations, the Company looks to 're-calibrate' this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment has changed and considering whether a market-based methodology (i.e. using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate.

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA and P/E multiples (based on the most recent revenue, EBITDA or earnings achieved and equivalent corresponding revenue, EBITDA or earnings multiples of comparable companies), quality of earnings assessments and comparability difference adjustments. Revenue multiples are often used, rather than EBITDA or earnings, due to the nature of the Company's investments, being in growth and technology companies which are not normally expected to achieve profitability or scale for a number of years. Where an investment has achieved scale and profitability, the Company would normally then expect to switch to using an EBITDA or earnings multiple methodology.

In the calibration exercise and in determining the valuation for the Company's equity instruments, comparable trading multiples are used. In accordance with the Company's policy, appropriate comparable companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the portfolio company and the comparable public companies based on company specific facts and circumstances.

Realised surpluses or deficits on the disposal of investments are taken to realised capital reserves, and unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves.

Those venture capital investments that may be categorised as associated undertakings are carried at fair value as determined by the Directors in accordance with the Company's normal policy. Carrying investments at fair value is specifically permitted under FRS102 Section 14.4.

b) Income

Dividends receivable on unlisted equity shares are brought into account when the Company's right to receive payment is established and it is probable that payment will be received. Special dividends receivable are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case. Fixed returns on non-equity shares and debt securities are recognised on an accruals basis using the effective interest method. Such amounts are recognised in the revenue column provided that it is probable that payment will be received in due course. Provision is made against this income where recovery is doubtful or where it will not be received in the foreseeable future, interest is written-off.

c) Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been accounted for as revenue items except as follows:

Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management fee is currently allocated 25% to revenue and 75% to capital, which reflects the Directors' expected long-term view of the nature of the investment returns of the Company.

d) Performance fees

Performance fees predominantly relate to the capital performance of the portfolio and are therefore charged 100% to capital. Performance fees are accrued and a liability is recognised when they are likely to be payable and can be reliably measured.

e) Debtors

Short-term debtors (including short-term loans) are measured at amortised cost, less any impairment.

f) Creditors

Short and long-term creditors are measured at amortised cost.

g) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the “marginal” basis as recommended in the SORP.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Statement of Comprehensive Income and a corresponding amount is charged against the revenue column. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense/(income) is presented either in the Income Statement or Statement of Changes in Equity depending on the transaction that resulted in the tax expense/(income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

h) Financial instruments

The Company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

The Company’s financial instruments comprise its investment portfolio, cash balances and most debtors and creditors. These financial assets and financial liabilities are carried either at fair value or, in the case of debtors, creditors and cash, using amortised cost.

i) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents, which include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments.

6. Income

	2022 £’000	2021 £’000
Interest receivable - revenue		
- from bank deposits	3	2
- from loan stock	2,030	981
Dividends receivable	149	–
Other income	22	–
	2,204	983

7. Investment Manager’s fees

	2022 £’000	2021 £’000
Pembroke Investment Managers LLP	3,341	2,305

Pembroke Investment Managers LLP has been appointed as the Company’s Investment Manager. This appointment shall continue until terminated by the expiry of not less than 12 months’ notice in writing given by either party. The appointment may also be terminated in circumstances of material breach by either party. The annual management fee is 2% of net assets calculated quarterly.

Details of the appointment can be found in the Strategic Report on page 38.

A performance fee of £376,588 was paid to the Investment Manager in November 2021 in respect of the year ended 31 March 2022 (2021: £Nil).

Notes to the Financial Statements continued

8. Other expenses

Other expenses include:	2022 £'000	2021 £'000
Directors' remuneration	105	68
Company secretarial fees and administration fees	146	114
Auditor's remuneration – audit of Statutory Financial Statements	46	49
Printing and stationery	61	65
Registrar fees	7	19
Insurance	45	34
Trail commission payable on funds raised for the 2020/2021 offer	224	255
Trail commission payable on funds raised for the 2021/2022 offer	301	–
Other professional fees	115	97
London Stock Exchange fees	7	22
Employers NI on Directors' remuneration	10	6
Other costs	430	59
Irrecoverable VAT	67	77

The Company has no employees other than the Directors.

Information relating to Directors' remuneration can be found in the audited section of the Directors' Remuneration Report on page 43.

9. Tax

a) Analysis of tax charge	2022 £'000	2021 £'000
Current year charge:		
Revenue charge	–	–
Credited to capital return	–	–
Current tax charge (Note 9b)	–	–
Prior year charge:		
Revenue charge	–	–
Credited to capital return	–	–
Total current and prior year tax charge	–	–

b) Factors affecting tax charge for the year	2022 £'000	2021 £'000
Profit/(loss) on ordinary activities before taxation	24,108	14,009
Effect of:		
Corporation tax at 19% (2021: 19%)	4,580	2,662
Non-taxable gains on investments	(5,274)	(3,269)
Non-taxable dividends	(28)	–
Current year losses carried forward	722	607
Tax charge for year (Note 9a))	–	–

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a Venture Capital Trust.

There is no potential liability to deferred tax. No deferred tax asset has been recognised on surplus expenses carried forward as it is not envisaged that any such tax will be recovered in the foreseeable future. The value of the unrecognised deferred tax is £2,455,685 (2021: £1,145,000). This is calculated using a corporation tax rate of 25% (2021:19%) which is the rate at which it is deemed that any losses would be utilised.

10. Dividends paid

Dividends recognised as distributions paid to equity holders during the year:	2022 £'000	2021 £'000
Final dividend on shares for the year ended 31 March 2020 of 3 pence per share	–	3,030
Special dividend on B Ordinary shares for the year ended 31 March 2020 of 4 pence per share	–	4,195
Special dividend on shares for the year ended 31 March 2021 of 4 pence per share	5,118	–
Final dividend on shares for the year ended 31 March 2021 of 3 pence per share	4,172	–
	9,290	7,225

Dividends paid or payable in respect of the financial year:	2022 £'000	2021 £'000
Special dividend on B Ordinary shares for the year ended 31 March 2020 of 4 pence per share	–	4,195
Final dividend on Ordinary and B Ordinary shares for for the year ended 31 March 2020 of 3 pence per share	–	3,839
Interim dividend on shares for the year ended 31 March 2022 of 5 pence per share – payable on 29 July 2022* (2021: 3 p)	8,310	–
	8,310	8,034

*Based on shares in issue at 13 May 2022.

All dividends are paid from the distributable special reserve.

11. Return per share – unaudited

	2022			2021		
	Revenue	Capital	Total	Revenue	Capital	Total
Earnings per share (pence)	(0.3)	19.6	19.3	(0.9)	14.6	13.7

Basic revenue return per share is based on the net loss after taxation of £386,288 (2021: £929,560 loss) and on 125,054,507 (2021: 102,087,336) shares, being the weighted average number of shares in issue during the year.

Basic capital return per share is based on the net capital gain after taxation of £24,493,606 (2021: £14,936,712) and on 125,054,507 (2021: 102,087,336) shares, being the weighted average number of shares in issue during for the year.

Notes to the Financial Statements continued

12. Investments

Movements in investments during the year are summarised as follows:	Shares £'000	Loan stock £'000	Total £'000
Opening valuation:			
Cost at 31 March 2021 (after realised losses)	68,158	10,916	79,074
Unrealised gains at 31 March 2021	36,848	–	36,848
Unrealised losses on loan notes at 31 March 2021	–	(463)	(463)
Interest rolled up in fixed income investments	–	3,620	3,620
Valuation at 31 March 2021	105,006	14,073	119,079
Movements in the year:			
Purchases at cost	26,870	9,448	36,318
Disposal proceeds	(23,574)	–	(23,574)
Loans repaid	–	(834)	(834)
Loans converted to equity	1,900	(1,900)	–
Unrealised gains	26,052	463	26,515
Realised gains/(losses) on disposals	5,251	(4,011)	1,240
Reclassifications	–	1,462	1,462
Interest rolled up in fixed income investments	–	1,550	1,550
Interest received	–	(311)	(311)
Total movements in year	36,499	5,867	42,366
Closing valuation:			
Cost at 31 March 2022 (after realised losses)	77,971	15,081	93,052
Unrealised gains at 31 March 2022	63,534	–	63,534
Unrealised losses on loan notes at 31 March 2022	–	–	–
Interest rolled up in fixed income investments	–	4,859	4,859
Valuation at 31 March 2022	141,505	19,940	161,445

As at 31 March 2022, the Company had no arrangements in place to dispose of any investments.

During the year, the following changes in valuation of unquoted shares were considered material:

	Carrying value at 31 March 2021 £'000	Additions in the year £'000	(Decrease)/ increase in valuation £'000	Carrying value at 31 March 2022 £'000
United Fitness Brands	3,150	2,000	(2,259)	2,891
Lyma	9,667	–	9,946	19,613
Thriva	2,426	–	7,950	10,376
Sourced Market	2,350	1,574	(3,924)	–
N is for Nursery	5,220	2,000	2,053	9,273
Stitch & Story	4,514	2,000	(4,922)	1,592
Alexa Chung	3,131	389	(3,520)	–
Heist	5,508	1,500	(4,350)	2,658
PlayerLayer	4,651	1,150	(5,801)	–
Stillking	1,968	–	3,752	5,720
Popsa	9,063	800	3,821	13,684
OnePlan	–	3,750	3,676	7,426
Coat	–	3,000	2,260	5,260
Peckwater Brands	–	1,000	3,486	4,486

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

Quoted market prices in active markets – "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which quoted prices are readily and regularly available and those prices represent actual and regular occurring market transactions on an arm's length basis. The Company has no investments classified in this category.

Valued using models with significant observable market parameters – "Level 2"

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has no investments classified in this category.

Valued using models with significant unobservable market parameters – "Level 3"

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company's unquoted equities and loan stock are classified within this category. As explained in Note 5, unquoted investments are valued in accordance with the IPEV guidelines. The fair value of all investments is assessed by the Company and, where appropriate, a revaluation against cost is made. The basis of revaluation may be based on a sales or profit multiple, or on market information that supersedes that held at the time of acquiring the investment. Details of the basis of revaluation are included in the Investment Review on pages 12 to 35.

13. Significant interests

As at the balance sheet date and from the dates of making the investments the Company has held 3% or more of the ordinary shares of:

Investment	equity holding %	Investment	equity holding %
Bella Freud (Bella Freud Limited)	44.1	Popsa (Popsa Holdings Limited)	18.0
Kinteract (Make It Plain Limited)	40.9	Boat (Boat International Limited)	17.9
Sourced Market (SP Market Limited)	40.5	Credentially (Appraise Me Limited)	17.5
Troubadour (Troubadour Goods limited)	40.5	Eave (Eartex Limited)	16.6
Hackney Gelato (Hackney Gelato Limited)	34.7	Dropless (Dropless Limited)	15.9
PlayerLayer (PlayerLayer limited)	34.5	OnePlan	15.3
Stitch & Story (Stitch & Story Limited)	34.5	JustWears	15.3
Heist (Carousel Ventures Limited)	33.2	Toucantech (Toucantech Limited)	13.3
Chucs Restaurants (Chucs Restaurants Limited)	25.0	N is for Nursery (N is for Nursery Limited)	12.2
Kat Maconie (Kat Maconie Limited)	24.8	KX Gym (KX Group Holding Limited)	11.8
Floom (Floom Limited)	24.5	KXU (KX U Limited)	10.3
Alexa Chung (Alpha Charlie Limited)	24.5	Rubies In The Rubble (Rubies In The Rubble Limited)	9.3
COAT (Coat Trading Ltd)	21.7	Peckwater Brands	9.0
Roto VR (Roto VR Limited)	21.6	Cydar	7.4
Secret Food Tours (Essor Limited)	20.5	Unbolted (Open Access Finance Limited)	5.7
United Fitness Brands (United Fitness Brands Limited)	20.3	HotelMap (HotelMap.com Limited)	5.2
Annie Mals	20.0	Thriva (Thriva Limited)	5.2
Smartify	20.0	Stillking Films UK (2020 Group Limited)	4.9
Lyma (Lyma Life Limited)	19.8	Beryl (SMIDSY Ltd)	4.1

Details of holdings may be found in the Investment Manager's Review and Investment Portfolio on pages 12 to 15.

Notes to the Financial Statements continued

14. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Prepayments and accrued income	141	56
Other debtors	1,439	143
Short-term loan	–	1,462
	1,580	1,661

15. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Sundry creditors and accruals	1,427	245

16. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Trail commission creditor	625	249

17. Called up share capital

	Total shares '000
Allotted, called-up and fully paid at 1 April 2021:	114,237
Issued during the year	54,446
Shares purchased for cancellation	(9,449)
At 31 March 2022	159,234

As at 31 March 2022, there were 159,234,647 (2021: 114,237,168) shares allotted, called up and fully paid. During the year, the Company issued 54,446,844 shares under an offer for subscription and the Dividend Investment Scheme as detailed below:

Allotted, called up and fully paid:	No of shares ('000)	Nominal value £'000	Consideration received/(paid) £'000
3 April 2021	21,756	218	24,820
13 April 2021	1,413	14	1,572
20 April 2021*	(9,449)	(95)	(9,803)
26 June 2021 (DIS)	742	7	822
19 October 2021	10,382	104	12,759
10 November 2021	3,526	35	4,234
22 November 2021 (DIS)	591	6	717
13 December 2021	2,449	24	3,073
1 February 2022	4,576	46	5,738
4 March 2022	3,562	36	4,558
30 March 2022	5,449	55	6,978
	44,997	450	55,468

*The Company bought back for cancellation 9,449,365 shares in April 2021.

18. Reserves

Called-up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on issue of share capital less any transaction costs associated with the issuing of shares and any amounts transferred to the special reserve.

The capital redemption reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Capital reserves includes all current and prior period realised and unrealised movements in the fair value of investments and all costs which are considered capital in nature. As at 31 March 2022 there were realised losses of £14,014,128 (2021 Losses: £11,627,363) and £63,247,034 of unrealised, non-distributable, gains (2021: £36,366,663).

Revenue reserve includes all current and prior period retained profits and losses. The balance on the account is distributable.

Special reserve includes amounts transferred from the share premium account on 26 March 2014 and 22 December 2020. The special reserve is a distributable reserve that is subject to certain restrictions under the VCT rules.

The restricted distributable reserves will become unrestricted on the following dates:

Date	Amount £'000
1 April 2021	12,047
1 April 2022	12,185
1 April 2023	44,343
1 April 2024	7,570

19. Net asset value per share – unaudited

The net asset values per share at the year-end were as follows:

	2022 Net asset values attributable		2021 Net asset values attributable	
	Net assets (£'000)	Net assets per share (p)	Net assets (£'000)	Net assets per share (p)
B Ordinary Shares	200,585	126.0	132,666	116.1

Net asset value per share is based on net assets at the year end and on 159,234,647 (2021: 114,237,168) shares, being the number of shares in issue at the year end.

Notes to the Financial Statements continued

20. Reconciliation of profit before taxation to net cash outflow from operating activities

	2022 £'000	2021 £'000
Profit/(loss) before taxation for the year	24,108	14,009
Net (gain)/loss on investments	(27,755)	(16,741)
Increase in debtors (excluding share issue proceeds and short-term loans)	(86)	(18)
Increase in interest rolled up in fixed income investments	(1,240)	(326)
Increase in creditors and accruals (excluding share issue expenses, short-term loans and fixed asset investment balances)	1,265	174
Net cash outflow from operating activities	(3,707)	(2,902)

21. Financial instruments

The Company's financial instruments comprise:

(i) Equity and fixed-interest investments that are held in accordance with the Company's investment objectives as set out in the Directors' Report; and

(ii) Cash, liquid resources, short-term debtors and creditors that arise directly from the Company's operations.

Investments are made in a combination of equity and loans. Surplus funds are held on bank deposit. It is not the Company's policy to trade in financial instruments or derivatives.

Fixed asset investments are valued at fair value through profit or loss. Unquoted investments are valued by the Directors using rules consistent with International Private Equity and Venture Capital Association ("IPEV") guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. Further details of the bases on which financial instruments, including investments, are held may be found at Notes 5 and 12 and in the Investment Manager's Review on pages 12 and 13.

The Company held the following categories of financial instruments at 31 March 2022:

	2022		2021	
	Cost £'000	Fair value £'000	Cost £'000	Fair value £'000
Assets at fair value through profit or loss:				
Equity investments	92,477	141,505	68,158	101,582
Loan stock	18,631	19,940	10,917	17,497
Assets measured at amortised cost:				
Cash at bank	39,612	39,612	12,420	12,420
Other debtors	1,580	1,580	200	200
Short-term loans	–	–	1,462	1,462
Liabilities measured at amortised cost:				
Creditors	(2,052)	(2,052)	(486)	(494)
	150,248	200,585	92,671	132,666

21. Financial instruments (continued)

Loans to investee companies are treated as fair value through profit or loss and are included in the investment portfolio.

Unquoted investments account for 100% of the investment portfolio by value. The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 81% (2021: 90%) of net assets at the year end.

All financial liabilities due within one year are expected to be settled within six months of the period and in accordance with normal credit terms.

The main risks arising from the Company's financial instruments are credit risk, investment valuation risk, interest rate risk, foreign exchange risk on portfolio companies own cash flows, and liquidity risk. All assets and liabilities are denominated in sterling, hence there is no currency risk.

Credit risk

The Company has exposure to credit risk in respect of its loan stock investments. This risk is managed through the due diligence process adopted when making loan investments to unquoted companies and through regular monitoring of the investee companies by the Investment Manager. The selection of credit institution at which to hold cash balances is made by the Investment Manager and monitored by the Board. The credit risk is managed by ensuring cash is held with an institution or institutions with a Standard & Poors' long-term credit rating of BBB or better. The maximum exposure to credit risk at the balance sheet date was £61,918,950 (2021: £27,971,703). The Company has banking relationships with Barclays Bank plc and Metro Bank plc.

Investment valuation risk

The Board manages the investment valuation risk inherent in the Company's portfolio by maintaining an appropriate spread of risk and by ensuring full and timely access to relevant information from the Investment Manager. The Board reviews the investment performance and financial results, as well as compliance with the Company's investment objectives. 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 which may arise. The Company does not use derivative instruments to hedge against market risk.

The equity and fixed interest stocks of the Company's unquoted investee companies are not traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 30% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year and the Company's net asset value per share by £48,433,776 and 30.4p (2021: £35,723,646 and 31.3p) respectively.

A 30% estimate is considered to be an appropriate illustration given historical volatility and market expectations of future performance. The sensitivity analysis for unquoted valuations below assumes that each of the sub-categories of financial instruments (ordinary shares, preference shares and loan stocks) held by the Company produces an overall movement of 30%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

Interest rate risk

The Company's financial assets include loan stock and bank deposits which are interest bearing, at a mix of fixed and variable rates. As a result, the Company is exposed to interest rate risk due to fluctuations in prevailing levels of market interest rates. The Board seeks to mitigate this risk through regular monitoring of the Company's interest-bearing investments. The Company does not use derivative instruments to hedge against interest rate risk.

As at 31 March 2022, the Company's financial assets by value, excluding short-term debtors and creditors which are not exposed to interest rate risk, comprised:

Notes to the Financial Statements continued

21. Financial instruments (continued)

Financial assets	£'000	%	Interest rate	Weighted average interest rate %	Fixed term years
Venture capital investments					
Ordinary shares	139,156	69.2	n/a	n/a	n/a
Loan stock interest	65	–	Fixed	9	n/a
Loan stock interest	50	–	Fixed	10	n/a
Loan stock interest	19	–	Fixed	8	n/a
Loan stock interest	1	–	Fixed	8	n/a
Loan stock interest	2	–	Fixed	8	n/a
Loan stock interest	3	–	Fixed	8	n/a
Loan stock	290	0.1	Fixed	9	5
Loan stock	500	0.2	Fixed	8	5
Loan stock	3,876	1.9	Fixed	12	5
Loan stock	2,155	1.1	Fixed	9	5
Loan stock	250	0.1	Fixed	8	5
Loan stock	500	0.2	Fixed	10	5
Loan stock	500	0.2	Fixed	8	5
Loan stock	500	0.2	Fixed	8	5
Loan stock	150	0.1	Fixed	8	5
Loan stock	200	0.1	Fixed	8	5
Loan stock	250	0.1	Fixed	8	5
Loan stock	2,258	1.1	Fixed	10	5
Loan stock interest	2	–	Fixed	8	5
Loan stock	138	0.1	Fixed	12	5
Loan stock	157	0.1	Fixed	12	5
Loan stock	174	0.1	Fixed	10	5
Loan stock	399	0.2	Fixed	10	5
Loan stock	127	0.1	Fixed	10	5
Loan stock	174	0.1	Fixed	8	5
Loan stock	171	0.1	Fixed	8	5
Loan stock	320	0.2	Fixed	10	5
Loan stock	280	0.1	Fixed	10	5
Loan stock	318	0.2	Fixed	8	5
Loan stock interest	78	–	Fixed	12	5
Loan stock interest	3	–	Floating	11.5	n/a
Loan stock interest	1	–	Floating	11.5	n/a
Loan stock	131	0.1	Fixed	8	5
Loan stock	518	0.3	Fixed	8	5
Loan stock interest	101	0.1	Fixed	7	n/a
Loan stock interest	106	0.1	Fixed	10	n/a
Loan stock interest	54	–	Fixed	8	n/a
Loan stock interest	31	–	Fixed	8	n/a
Loan stock	2,581	1.3	Fixed	12	5
Loan stock	2,023	1	Fixed	8	5
Loan stock	2,027	1	Fixed	8	5
Loan stock	770	0.4	Fixed	8	5
Loan stock	36	–	Fixed	8	5
Bank deposits	39,612	19.8	Floating	0.15	n/a
	201,057	100.00			

21. Financial instruments (continued)

It is estimated that, if the floating interest rate fell to 0%, pre-tax profit for the year would fall by 0.25% (2021: 0.14%) on an annualised basis.

The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not directly exposed to market interest rate changes.

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and thus are not readily realisable. At times, the Company may be unable to realise its investments at their carrying values because of an absence of willing buyers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. To counter such liquidity risk, sufficient cash and money market funds are held to meet running costs and other commitments.

22. Management of capital

The Board of Directors considers the Company's net assets to be its capital and the Company does not have any externally imposed capital requirements.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, satisfy the relevant HMRC requirements and provide at least adequate returns for shareholders.

As a VCT, the Company must have, and must continue to have, within three years of raising its capital at least 80% by value of its investments in VCT qualifying holdings which are a relatively high risk asset class of small UK companies. In satisfying this requirement, the Company's capital management scope is restricted. Subject to this restriction, the Company directs investment policy and may adjust dividends, return capital to shareholders, issue new shares or sell assets to maintain the level of liquidity to remain a going concern.

23. Geographical analysis

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

24. Related parties

The Company retains Pembroke Investment Managers LLP ("PIM") as its Investment Manager.

David Till, a non-executive Director of the Company, is a member of PIM. During the year ended 31 March 2022, £3,341,514 was payable to PIM for Investment Manager services of which £1,058,506 was owed to PIM at the year end (2021: £2,305,576, of which £43,917 was owed at the year end).

A performance fee of £376,588 was paid to the Investment Manager in November 2021.

The remuneration and shareholdings of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 42.

25. Events after the reporting period

Non-adjusting events

Since the Company's year end, the following transactions have taken place:

- The Company has made investments of £300,000 in Bella Freud Limited, £500,000 in Eartex Ltd, £1,500,000 in Natal Angels Limited, £3,000,000 in Peckwater Investments Ltd, £200,00 in Make it Plain Ltd, £100,000 in Stitch & Story Ltd and £345,872 in Rubies in the Rubble Ltd.
- 3,567,154 shares were allotted under the share offer on 5 April 2022 raising £4,557,819.
- 1,963,428 shares were allotted under the share offer on 12 April 2022 raising £2,486,500.
- 1,436,881 shares were allotted under the share offer on 13 May 2022 raising £1,819,825.

The Board has resolved to pay a special dividend of 5.0 pence per B Ordinary share which will be paid in July 2022.

Notice of Annual General Meeting

Notice is hereby given that the ninth annual general meeting of Pembroke VCT plc will be held at 9.00 a.m. on Thursday, 29 September 2022 at 3 Cadogan Gate, London SW1X 0AS for the purpose of considering and, if thought fit, passing the following resolutions (of which, resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 13 will be proposed as special resolutions).

It is the Board's opinion that all resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all resolutions. Any shareholder who is in doubt as to what action to take should consult an appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in the Company, please forward this document to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

If you are unable to attend in person, please consider viewing the live stream of the AGM which the Board has arranged. To do so, please send an email to agm@pembrokevct.com stating your wish to view the live stream. You will then be sent access details. The deadline for requesting access to the stream is 22 September 2022.

The Board also encourages the submission by those who are unable to attend in person of questions on either the Company or the portfolio to the Board via email to agm@pembrokevct.com by 22 September 2022, being one week prior to the date of the AGM. Answers will be published on the Company's website at the time of the AGM.

Ordinary Resolutions

1. To receive the Directors' and the Independent Auditor's Reports and the Company's Financial Statements for the year ended 31 March 2022.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 March 2022.
3. To re appoint BDO LLP as auditor of the Company to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company.
4. To authorise the Directors to fix the remuneration of the auditor.
5. To re-elect Jonathan Djanogly as a Director of the Company.
6. To re-elect Laurence Blackall as a Director of the Company.
7. To re-elect David Till as a Director of the Company.
8. That, in accordance with article 147 of the Company's articles of association (the "Articles") and in addition to existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot and issue the following B ordinary shares of 1 pence each in the capital of the Company ("B Ordinary Shares") pursuant to the terms and conditions of the dividend investment scheme adopted by the Company on 3 December 2015 and in connection with any dividend declared or paid in the period commencing on the date of this resolution 8 and ending on the later of the date of the Company's next annual general meeting or the date falling 15 months after the date of the passing of this resolution:

   B Ordinary Shares up to an aggregate nominal amount representing 10% of the issued B Ordinary Share capital from time to time (approximately 16,620,211 B Ordinary Shares at the date of this notice).
9. That, in addition to any existing authorities, in accordance with section 551 of the Act, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot:
   a. B Ordinary Shares up to an aggregate nominal amount of £600,000 in connection with offer(s) for subscription; and
   b. B Ordinary Shares up to an aggregate nominal amount representing 20% of the issued B Ordinary Shares from time to time; and

   that, in connection with the use of the authority, the Directors may pay commission(s) including in the form of fully or partly paid shares in accordance with article 9 of the Articles and provided that this authority shall, unless renewed, extended, varied or revoked by the Company, expire on the later of the date of the Company's next annual general meeting or the date falling 15 months after the date of the passing of this resolution save that the Company may, before such expiry, make offers or agreements which would or might require B Ordinary Shares to be allotted and the Directors may allot B Ordinary Shares in pursuance of such offers or agreements notwithstanding that the authority conferred by this resolution has expired.

Special Resolutions

10. That, in accordance with section 570(1) of the Act, the Directors be and are hereby given power to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities conferred by resolution 8 above as if section 561 of the Act did not apply to any such allotment, and so that:
    a. Reference to the allotment in this resolution shall be construed with section 560 of the Act; and
    b. The power conferred by this resolution shall enable the Company to make offers or agreements before the expiry of said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities of such offers or agreements notwithstanding the expiry of such power.
11. That, in accordance with section 570(1) of the Act, the Directors be and are hereby given power to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities conferred by resolution 9 above as if section 561 of the Act did not apply to any such allotment, and so that:
    a. Reference to the allotment in this resolution shall be construed with section 560 of the Act, and
    b. The power conferred by this resolution shall enable the Company to make offers or agreements before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offers or agreements notwithstanding the expiry of such power.
12. That, subject to the approval of the High Court of Justice, the amount standing to the credit of the share premium account of the Company, at the date the court order is made confirming such cancellation, be and is hereby cancelled.
13. That the Company be and is hereby generally and unconditionally authorised within the meaning of section 701 of the Act to make market purchases of B Ordinary Shares provided that:
    (i) the maximum number of B Ordinary Shares hereby authorised to be purchased is an amount equal to 14.99% of the issued B Ordinary Share capital of the Company from time to time;
    (ii) the minimum price which may be paid for a B Ordinary Share is 1 pence per share, the nominal amount thereof;
    (iii) the maximum price which may be paid for a B Ordinary Share is an amount equal to the higher of (a) 105% of the average of the middle market quotation per B Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such B Ordinary Share is to be purchased and (b) the amount stipulated by Article 5(6) of the Market Abuse Regulation.
    (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the AGM of the Company to be held in 2022 and the date which is 15 months after the date on which this resolution is passed; and
    (v) the Company may make a contract or contracts to purchase its own B Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own B Ordinary Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By Order of the Board
The City Partnership (UK) Limited
Company Secretary
28 June 2022

Notice of Annual General Meeting continued

Notes

Entitlement to vote

The right to vote at the Annual General Meeting is determined by reference to the register of members 48 hours before the time of the Annual General Meeting. Accordingly, to be entitled to vote, Shareholders must be entered in the register of members by close of business on 27 September 2022.

Appointment of proxies

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting.

   For this purpose, you may use the Form of Proxy which will have been sent to you unless you opted for electronic communications. As an alternative to completing the hard copy Form of Proxy, Shareholders can appoint a proxy electronically on-line, as explained below.

   If you opted for electronic communications, then you will have been sent an email which includes information on how to appoint a proxy electronically on-line.

You can only appoint a proxy using the procedures set out in these notes.

2. A proxy does not need to be a member of the Company. 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 these notes.
3. 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, please complete a Form of Proxy for each proxy specifying which of your shares the proxy will be acting in respect of.
4. If you do not give your proxy an indication of how to vote on the resolutions, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy Form of Proxy

5. These notes explain how to direct your proxy to vote on the resolutions or withhold their vote. To appoint a proxy using the Form of Proxy, the form must be:

   - completed and signed;
   - sent or delivered to The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH; and
   - received by The City Partnership (UK) Limited no later than 9.00 a.m. on 27 September 2022 in respect of the Annual General Meeting or, if the meeting is adjourned, by no later than 48 hours prior to the adjourned Annual General Meeting.

   In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

Electronic appointment of proxies

6. As an alternative to completing the hard copy Form of Proxy, you can appoint a proxy electronically via the registrar's on-line Proxy Voting App which may be found by copying https://proxy-pembroke.cpip.io into your browser. You will need your City Investor Number (CIN) and your Access Code which may be found either on the Form of Proxy or in the email sent to you.

   For an electronic proxy appointment to be valid, your appointment must be received by The City Partnership (UK) Limited no later than 48 hours prior to the time of the meeting, i.e. by 9.00 a.m. on 27 September 2022.

Appointment of proxy by joint members

7. In the case of joint shareholders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

   - By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
   - By sending an e-mail to proxies@city.uk.com with a signed revocation attached to the email such that the revocation would have been valid had it been sent by ordinary mail. This email address should not be used for any other purpose unless expressly stated.
   - By amending your proxy vote via the Proxy Voting App which may be found by copying https://proxy-pembroke.cpip.io into your browser.

   Whichever method is used, the revocation notice must be received by the Company no later than 9.00 a.m. on 27 September 2022 in respect of the Annual General Meeting or, if the meeting is adjourned, by no later than 48 hours prior to the adjourned Annual General Meeting.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Communication

10. Except as provided above, members who have general queries about the meeting should contact the Company Secretary by post at The City Partnership (UK) Limited, The Mending Rooms, Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH, or by email at enquiries@city.uk.com (no other methods of communication will be accepted).

    You may not use any electronic address provided either:

    - in the notice of the Annual General Meeting; or
    - any related documents (including the Form of Proxy),

    to communicate with the Company for any purposes other than those expressly stated.

Corporate Information

Directors
(all non-executive)

Independent

Jonathan Simon Djanogly (Chair)

Laurence Charles Neil Blackall

Mark Stokes

Louise Wolfson

Non-independent

David John Till

Registered office and principal place of business

3 Cadogan Gate
London
SW1X 0AS

www.pembrokevct.com

Investment Manager

Pembroke Investment Managers LLP
3 Cadogan Gate
London
SW1X 0AS

Registrar

The City Partnership (UK) Limited
The Mending Rooms
Park Valley Mills
Meltham Road
Huddersfield
HD4 7BH

Company Secretary

The City Partnership (UK) Limited
110 George Street
Edinburgh
EH2 4LH

Bankers

Barclays Bank plc
1st Floor
99 Hatton Garden
London
EC1N 8DN

Metro Bank PLC
One Southampton Row
London
WC1B 5HA

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

VCT Status Adviser

Philip Hare & Associates LLP
Suite C, First Floor
4-6 Staple Inn
London
WC1V 7QH

Reporting calendar
for the year ending 31 March 2023

Results announced:

Interim – November 2022

Annual – June 2023

Designed by &inc.

Pembroke VCT plc

3 Cadogan Gate, London SW1X 0AS

Incorporated in England and Wales
with registered number 08307631