



# Pembroke VCT plc

## Annual report and financial statements

for the year ended 31 March 2020

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PEMBROKEVCT.COM





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# Financial Highlights

Company net asset value  
as at 31 March 2020

£106.5m

Ordinary share  
total return

136.40p

Net asset value  
per Ordinary share

114.67p

B Ordinary share  
total return

122.53p

Net asset value  
per B Ordinary share

110.29p

Increase of portfolio  
value over cost

23.9%

Total value of  
investments

£88.1m

Cash invested in seven new  
investments during the year

£7.8m

Cash invested in 16 follow-on  
investments during the year

£17.3m

Total cash invested  
during the year

£25.1m

## + Investment Objective

Pembroke VCT plc (the “Company”) is a generalist VCT focused on early stage investments in the leisure and luxury brands sectors.

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

- Wellness
- Hospitality
- Education
- Design
- Media
- SaaS

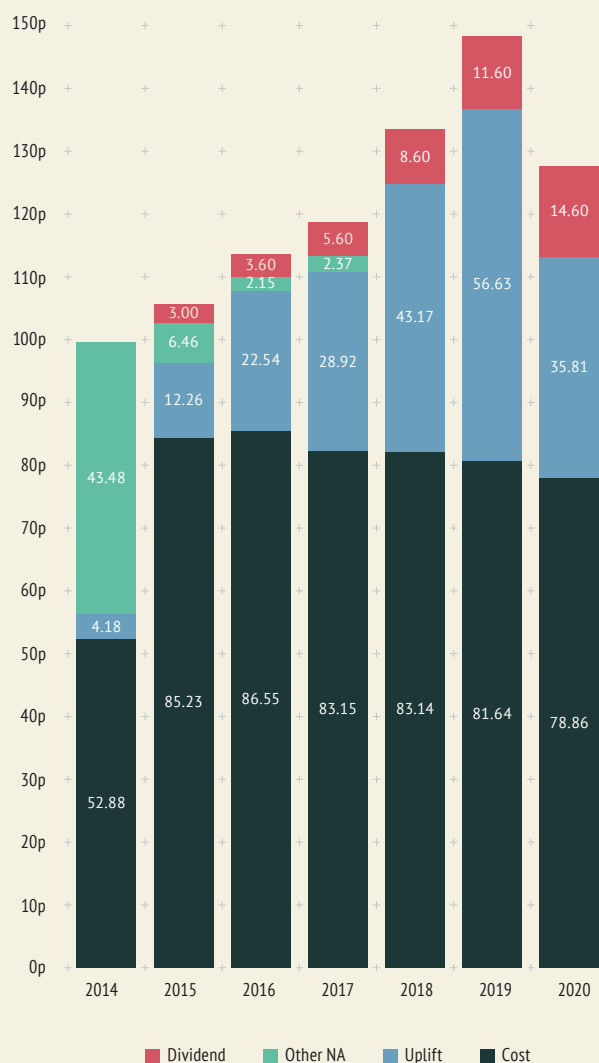


# Financial Summary

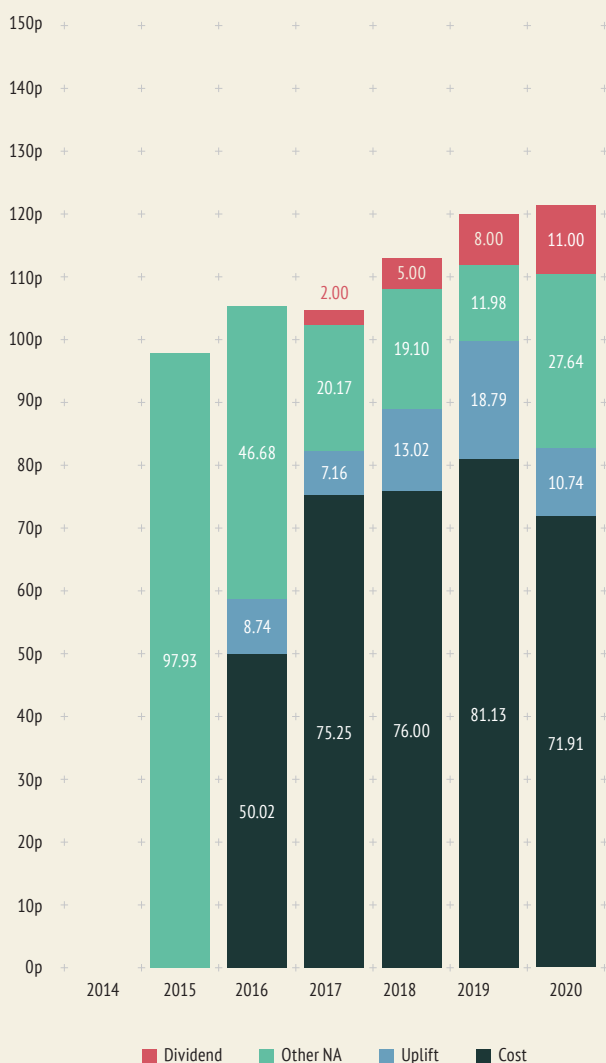
## Results

	Year ended 31.03.20 Ordinary shares	Year ended 31.03.20 B Ordinary shares	Year ended 31.03.20 total	Year ended 31.03.19 Ordinary shares	Year ended 31.03.19 B Ordinary shares	Year ended 31.03.19 total
Net assets	£20,755,624	£85,706,405	£106,462,029	£25,023,232	£42,744,669	£67,767,901
Number of shares in issue	18,099,948	77,708,178	95,808,126	18,097,588	38,198,001	56,295,589
Net asset value per share (pence)	114.67	110.29	n/a	138.27	111.90	n/a
Investment income	£161,652	£572,555	£734,207	£356,108	£663,704	£1,019,812
(Loss)/profit before tax						
Revenue	(£87,106)	(£234,589)	(£321,695)	£114,800	£243,428	£358,228
Capital	(£3,640,766)	£94,333	(£3,546,433)	£3,005,796	£2,462,721	£5,468,517
Total	(£3,727,872)	(£140,256)	(£3,868,128)	£3,120,596	£2,706,149	£5,826,745
Return per share (pence)						
Revenue	(0.48)	(0.41)	n/a	0.51	0.59	n/a
Capital	(20.12)	0.17	n/a	16.73	7.54	n/a
Total	(20.60)	(0.24)	n/a	17.24	8.13	n/a

## NAV performance – Ordinary shares



## NAV performance – B Ordinary shares

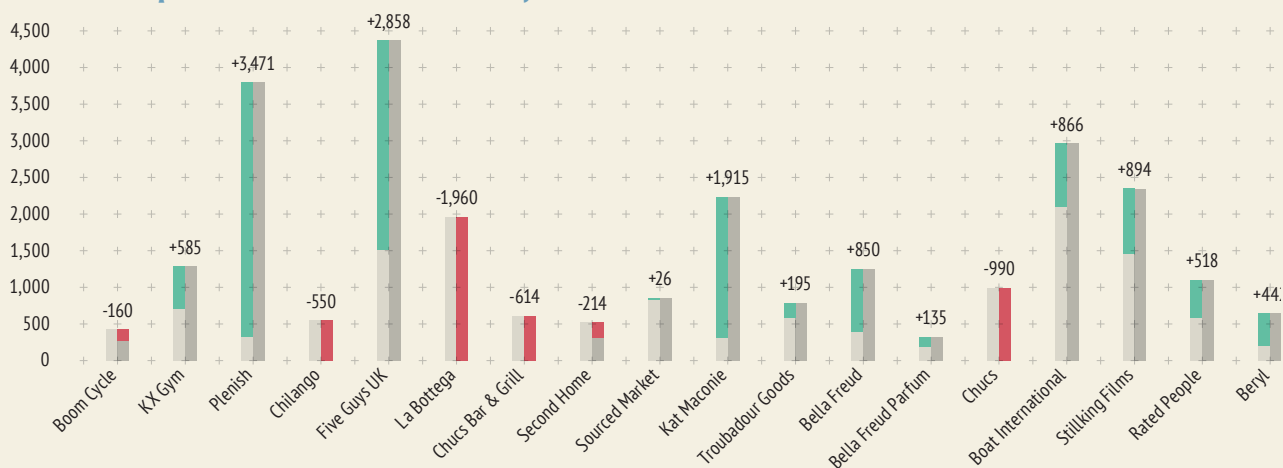


## Total return

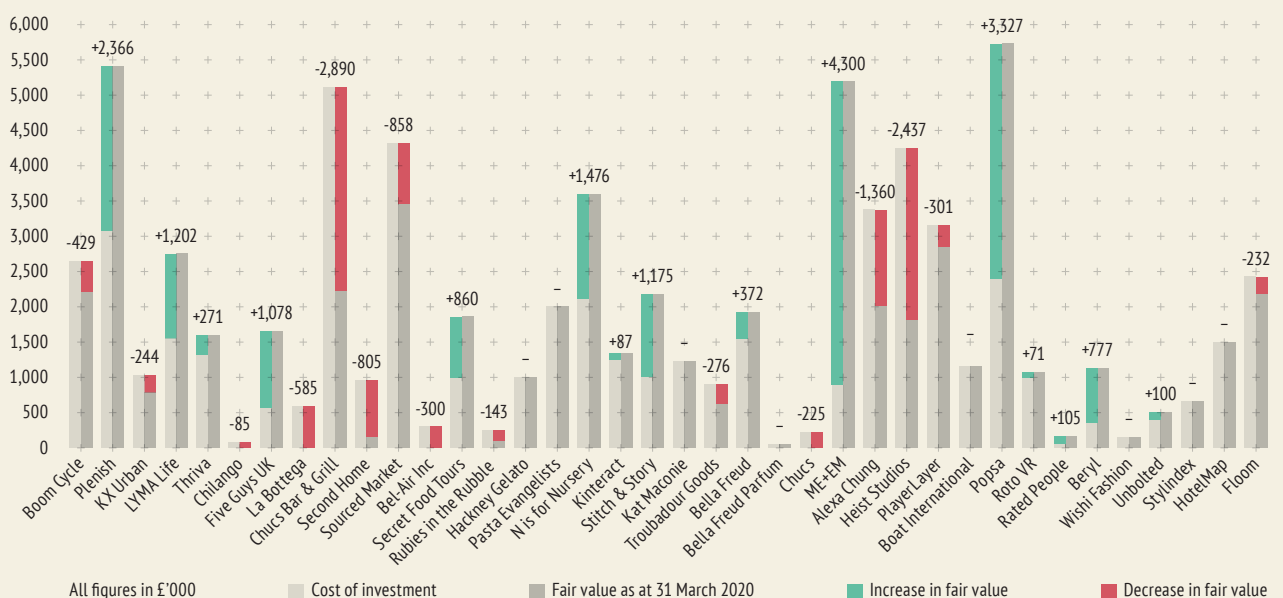
(net asset value ("NAV")  
plus cumulative dividends paid)

	Year ended 31.03.20 Ordinary shares (pence per share)	Year ended 31.03.20 B Ordinary shares (pence per share)	Year ended 31.03.19 Ordinary shares (pence per share)	Year ended 31.03.19 B Ordinary shares (pence per share)
Dividends paid during the year ended				
31 March 2015	3.00	–	3.00	–
31 March 2016	0.60	–	0.60	–
31 March 2017	2.00	2.00	2.00	2.00
31 March 2018	3.00	3.00	3.00	3.00
31 March 2019	3.00	3.00	3.00	3.00
31 March 2020	3.00	3.00	–	–
Total dividends paid since launch	14.60	11.00	11.60	8.00
Closing NAV	121.80	111.53	138.27	111.90
Total return	136.40	122.53	149.87	119.90

## Portfolio performance – Ordinary shares



## Portfolio performance – B Ordinary shares



All figures in £'000

Cost of investment

Fair value as at 31 March 2020

Increase in fair value

Decrease in fair value

# + Chairman's Statement



I am pleased to present the annual results for Pembroke VCT plc for the year ended 31 March 2020.

## Overview

The recent social and economic impact of COVID-19 has been felt across the portfolio companies and their staff. We have been impressed by the resilience and adaptability shown by the investee company founders and their teams. Some of our business in the gym and restaurant sectors have had to close temporarily in response to Government guidelines, and others have seen their sales grow as consumer buying patterns have moved on-line. The Pembroke investment strategy and sector focus will provide some resilience during this period of disruption.

The Company's portfolio had seen strong performance in the 11 months to February 2020 with the gains largely reversed in March 2020 as a result of COVID-19.

The Company made a loss of £3.9 million in the year to 31 March 2020 (2019: profit £5.8 million), representing a weighted loss per Ordinary share of 20.60p (2019: 17.24p profit) and a loss per B Ordinary share of 0.24p (2019: 8.14p). Income arose from loan notes provided to portfolio companies of £0.7 million (2019: £1.0 million) reduced by realised losses and unrealised revaluation of investments of a loss of £2.2 million (2019: profit £6.3 million).

The Company's Net Asset Value ("NAV") at 31 March 2020 was £106.5 million (2019: £67.8 million), equivalent to 114.67p (2019: 138.27p) per Ordinary share and 110.29p (2019: 111.90p) per B Ordinary share. This includes the impact on NAV of the issue expenses of the Offer and the dividend paid in October 2019.

During the period the Total Return (NAV plus cumulative dividends paid) of the Ordinary shares reduced from 149.87p per share at 31 March 2019 to 129.27p per share

at 31 March 2020. Over the same period, the Total Return of the B Ordinary shares increased from 119.90p per share to 121.29p per share.

## Investment Portfolio Overview

During the year we were able to invest £7.8 million in seven new portfolio companies. New investments were made into Hackney Gelato, Kinteract, Pasta Evangelists, Roto VR, Rubies in the Rubble, Stitch & Story and Thriva. The Company also made follow-on investments totalling £17.3 million into 16 companies in the portfolio to continue our support of their growth plans.

The Company made no significant disposals during the year. For further details, see the Investment Adviser's Review and Investment Portfolio on pages 12 to 15.

## Environmental, Social and Governance ("ESG")

The Board believes that responsible investment is important to protect and create long-term investment value. To this end, Pembroke VCT plc monitors the policies adopted by the Investment Manager and is taking steps itself to improve its own ESG by printing all investor communications on recycled paper stocks and encouraging investors to move to digital communications and electronic payment of dividends. The Company works together with the Investment Manager and the portfolio companies to identify and apply good practice with regard to managing ESG matters. We are particularly encouraged by the positive social and environmental impact of a number of the portfolio operating companies.

## Dividends

In October 2019 the Company paid a dividend of 3 pence per Ordinary share and 3 pence per B Ordinary share in relation to the financial year ended 31 March 2019. The Board now



recommends that shareholders approve, at the forthcoming Annual General Meeting, the payment of a final dividend of 3 pence per Ordinary share and 3 pence per B Ordinary share in relation to the year ended 31 March 2020.

### VCT Qualifying Status

Philip Hare & Associates LLP provides both the Board and the Investment Manager with advice concerning ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that Pembroke VCT plc continues to be in compliance with the conditions laid down by HMRC for maintaining approval as a venture capital trust. As at 31 March 2020, over 87.4% of the portfolio (as measured by HMRC rules) was invested in VCT-qualifying investments as reviewed and confirmed by Philip Hare & Associates LLP, significantly above the 80% current VCT-qualifying threshold.

### Auditor

At the last AGM, our auditor, Grant Thornton UK LLP, was re-appointed. They subsequently informed us that they have decided to withdraw from auditing certain Public Interest Entities, including Pembroke VCT plc, because of the increasing regulatory landscape and associated costs. The Board has, therefore, carried out a tender process to choose a new auditor and it has been decided to appoint BDO LLP, pending their re-appointment at the AGM. We would like to thank Grant Thornton for their excellent service over the years and we look forward to continuing to work with BDO.

### Outlook

The Company's most recent fundraising closed at £34.3 million in April 2020. This is another record fundraising following the £25 million raised in the previous year. The Company has now

passed the £100 million net asset hurdle and begins the new financial year with a cash balance of £16.4 million. This puts the Company 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.

The extent of the economic disruption caused by COVID-19 on the UK economy and on the portfolio companies will remain unclear for some time. However in June 2020, following the effects of COVID-19 and the restaurant trade having to shut down, Chucs Bar and Grill was unable to successfully complete its fundraising as planned. As such, the company had to be rescued by existing shareholders that wished to continue funding the businesses. Under the VCT rules Pembroke is unable to continue to support Chucs Bar & Grill and so was unable to take part in the transaction. It did however, roll over its secured debt of £2.2 million as part of the transaction in exchange for a 25% equity stake in the vehicle that was sued to rescue the business. The effect of this transaction is included in the 31 March 2020 valuation for Chucs Bar & Grill. The Board and the Investment Manager will continue to closely monitor the effects over the coming months whilst taking advantage of the opportunities that we expect to see.

### Annual General Meeting

The Annual General Meeting ("AGM") will be held at the Company's offices at 3 Cadogan Gate, London SW1X 0AS on 30 September 2020 at 9.00 a.m., notice of which will be given separately.

Jonathan Djanogly  
Chairman  
24 July 2020

# The Board +



## Jonathan Djanogly

*Independent non-executive Chairman*

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 fund raising 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, as a shadow Minister for Trade and Industry with responsibility for employment law and corporate governance and as 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 a consideration of 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.



## 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 mid market 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, then later qualified as a chartered accountant with Coopers & Lybrand and 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 made seven new investments and made follow-on investments in 16 companies in the year to 31 March 2020, spanning the Company's expertise in the wellness, hospitality, education, design, media and SaaS. At the year end, the portfolio comprised 39 investments with a cost of £70.6 million and a fair value of £87.5 million, representing a £16.9 million or 23.9% increase over cost.

## Investment manager's team

During the year the manager made several hires to strengthen its team and provide better support to our investors and portfolio companies. Orla Walsh joined as Portfolio Analyst from Deloitte, and Fred Ursell joined as Investment Analyst from Grant Thornton. Orla helps Will to manage the reporting of our 39 active portfolio companies and support their needs, and Fred helps Simon with all aspects of new and follow-on investments. The portfolio team was also further strengthened in February 2020 with Katrina Lytton who joined from Find Invest Grow as Portfolio Director to spend more time in the portfolio companies that require additional guidance.

On the operations side of the team we were delighted to welcome Chris Lewis as COO and CFO having previously been CFO at Downing. Chris will oversee all operational, finance and governance matters of the VCT. We were also joined by Rosie Samuels who replaced Tamara Warren as Team EA and Marketing Assistant.

## Portfolio review

The Company invested £7.8 million in the seven new investments made during the year and has invested a further £17.3 million in the form of debt and equity investments in 16 existing portfolio companies.

The seven new investments were Hackney Gelato, Kinteract, Pasta Evangelists, Roto VR, Rubies in the Rubble, Stitch & Story and Thriva, all of which are unquoted, with investments made in the form of new ordinary equity with full voting rights. The new investments capitalise on our insights into the sectors in which we invest.

### *Hackney Gelato (founded in 2015)*

Founders Sam Newman and Enrico Pavoncelli, both chefs, were underwhelmed by the quality of ice cream being supplied to high-end restaurants. They left the Michelin starred restaurant they were working at to learn how to make gelato in Italy. The brand has quickly become a leading supplier to high-end London restaurants and is looking to emulate this success in retail.

### *Kinteract (founded in 2012)*

Co-Founder and CEO Shehzad Najib's aspiration was to build a digital education platform that enables remote learning, better communication between teachers, students and parents and provide accurate real-time data on progress in order to personalise child development. It is predominantly aimed at primary and secondary schooling, both in the UK and internationally.

### *Pasta Evangelists (founded in 2016)*

Genoa native Alex Savelli and co-founders James McArthur and Chris Rennoldson, started Pasta Evangelists to disrupt the direct to consumer fresh pasta sector. Pasta Evangelists deliver great quality, fresh cooked pasta and sauces, pasta making kits and masterclasses through a wide range of channels including digital direct, concessions and travel hubs.

### *Roto VR (founded in 2015)*

Founders Elliot Myers and Gavin Waxkirsh have a combined 20+ years each in creating and manufacturing award-winning products in the video games industry. Roto VR's flagship product is an interactive virtual reality chair, which has been developed over a three-year period. It synchronises what users feel with what they see, a phenomenon known as gravitational presence.

### *Rubies in the Rubble (founded in 2012)*

Founder Jenny Costa's aim is to become the go-to brand for sustainable condiments. Jenny came up with the idea when she visited New Covent Garden Market and saw huge quantities of perfectly edible, but unsold produce thrown away. She returned home with basketfuls of fruit and veg and made it into chutneys and jams, eventually setting up a stall in Borough Market to sell her produce. Rubies entered the market place through food service and lists The Breakfast Club, Honest Burger and The Pig Hotel as brand advocates. Retail partners are now on board as consumers have bought in to being more ethical and sustainable.

### *Stitch & Story (founded in 2012)*

Co-founders Jennifer Lam and Jen Hoang, who both enjoyed knitting, were aware that it was perceived as old fashioned and difficult to learn. They saw an opportunity to bring knitting in to the 21st century with contemporary designs and easy-to-follow digital instructions, whilst educating the consumer on the array of health and wellbeing benefits that knitting and crafting can bring.

### *Thriva (founded in 2015)*

Founders Hamish Grierson, Tom Livesey and Eliot Brooks started Thriva, a proactive healthcare service, to offer at-home blood tests for a range of health markers such as Vitamin B12, Vitamin D, liver function, folate and iron. Consumers receive the testing kit in the post, and use the equipment provided to easily take a blood sample via a simple pinprick. The sample is sent to an NHS approved testing laboratory in a return envelope and the results are individually commented on by a GP and available within 48 hours.

The 16 follow-on investments were made into Alexa Chung, Bella Freud, Boom, Chucs Bar & Grill, Floom, Heist, Kat Maconie, LYMA, N Family Club, PlayerLayer, Plenish, Popsa, Sourced Market, Stylinx, Troubadour and Unbolted. All investments were made by the B Ordinary share class.

Since the year end, the Company has made investments totalling £4.1 million in seven companies including one new investment of £1 million and six follow-on investments of £3.1 million in aggregate.

## Investment performance

In the last month of the financial year the COVID-19 pandemic caused some of the gains of the prior 11 months to be reversed as government measures meant some of our businesses had to temporarily cease trading. As a result of COVID-19 we have seen the portfolio fall into three categories.

### 1. *Mothballed and ready*

The first category is businesses with physical sites that all had to temporarily suspend normal trade, in line with Government guidelines, to prevent the spread of the virus. As such, we have prudently lowered the fair value by up to 90% to reflect the fact that these companies expect their full year results to be significantly impacted. Though at the time of writing, some companies have been able to re-open their sites.

We have worked closely with the founders of these businesses and are particularly pleased how some of them have been entrepreneurial during the lockdown. For example, Boom have partnered up with Apex Cycles, a competitor to Peleton, to be the exclusive provider of content and classes. With their studios temporarily closed they have used this time to bring forward the production Apex need for their launch and first year of operation, generating significant alternative revenue.

### 2. *Pivot trading*

The second category is where businesses have seen COVID-19 change how they sell. These companies have pivoted their focus to online sales. Fashion brands which, while their stores have been closed, have pushed harder on their online offering with less reliance on catalogue drops and physical space. This has helped make up for delays and cancellations of wholesale orders. While consumers have spent more time at home, we have seen an increase in online demand for our brands and, in general, at a lower cost of customer acquisition. This has helped re-enforce the investment rationale for backing companies that have an omni-channel sales strategy and adaptable management teams that can quickly adapt to take advantage of changes in consumer habits.

### 3. *Strong performers*

The third category is for companies where COVID-19 has led to a significant improvement in trading with performance over and above expectation as the purchasing habits of consumers has changed. Our portfolio companies that offer consumers new experiences while being 'at home' are seeing exponential rates of growth. Some even had to temporarily suspend accepting orders at one point, as their delivery partners were unable to keep up with demand.

Our companies in the strong performer category were able to react to the changing situation because of the quality of the founders and their management teams. They were able to increase production and capacity rapidly due to the flexibility and collaboration of all their staff. The founders of our portfolio companies in this third category have, with our help, also donated considerable amounts to our amazing NHS staff and to charities that look after vulnerable people most affected by the lockdown.

Further details may be found in the Investment Portfolio and Investment Review on pages 14 to 33.

## Valuation

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

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 or EBITDA 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, because of 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.

# Investment Portfolio

## Ordinary shares

	As at 31 March 2020			As at 31 March 2019		
	Cost £	Fair value £	% of net assets	Cost £	Fair value £	% of net assets
<b>Wellness</b>						
Boom Cycle	429,460	268,796	1.3	429,460	484,735	1.9
KX Gym	700,000	1,284,831	6.2	700,000	1,311,209	5.2
Plenish	325,000	3,796,158	18.3	325,000	2,029,324	8.1
<b>Hospitality</b>						
Chilango	549,850	–	–	549,850	1,042,560	4.1
Five Guys UK	1,512,800	4,370,883	21.1	1,512,800	4,620,465	18.5
La Bottega	1,960,000	–	–	1,960,000	–	–
Chucs Bar & Grill	614,278	–	–	614,278	1,672,119	6.7
Second Home	525,074	311,090	1.5	525,074	2,812,132	11.2
Sourced Market	830,000	855,719	4.1	830,000	1,195,987	4.8
<b>Design</b>						
Kat Maconie	320,000	2,234,773	10.8	320,000	979,293	3.9
Troubadour Goods	590,000	785,301	3.8	590,000	1,172,422	4.7
Bella Freud	400,000	1,249,725	6.0	400,000	1,612,738	6.4
Bella Freud Parfum	190,000	325,000	1.6	190,000	325,000	1.3
Chucs	990,039	–	–	990,039	–	–
<b>Media</b>						
Boat International Media	2,100,000	2,965,677	14.3	2,100,000	2,475,009	9.9
Stillking Films	1,451,770	2,345,516	11.3	1,451,770	2,421,575	9.7
<b>SaaS</b>						
Rated People	585,738	1,104,411	5.3	585,738	579,150	2.3
Zenos Cars	–	–	–	500,000	–	–
Beryl	200,000	640,690	3.1	200,000	640,690	2.6
Investments before interest	14,274,009	22,538,570	108.7	14,774,009	25,374,408	101.3
Interest rolled up in fixed income investments*	1,332,425	1,332,425	6.4	1,170,773	1,170,773	4.7
Total investments	15,606,434	23,870,995	115.1	15,944,782	26,545,181	106.0
Net current assets	(3,115,371)	(3,115,371)	(15.1)	(1,521,949)	(1,521,949)	(6.0)
Net assets	12,491,063	20,755,624	100.0	14,422,833	25,023,232	100.0

\*Added to investments in the Financial Statements

## B Ordinary shares

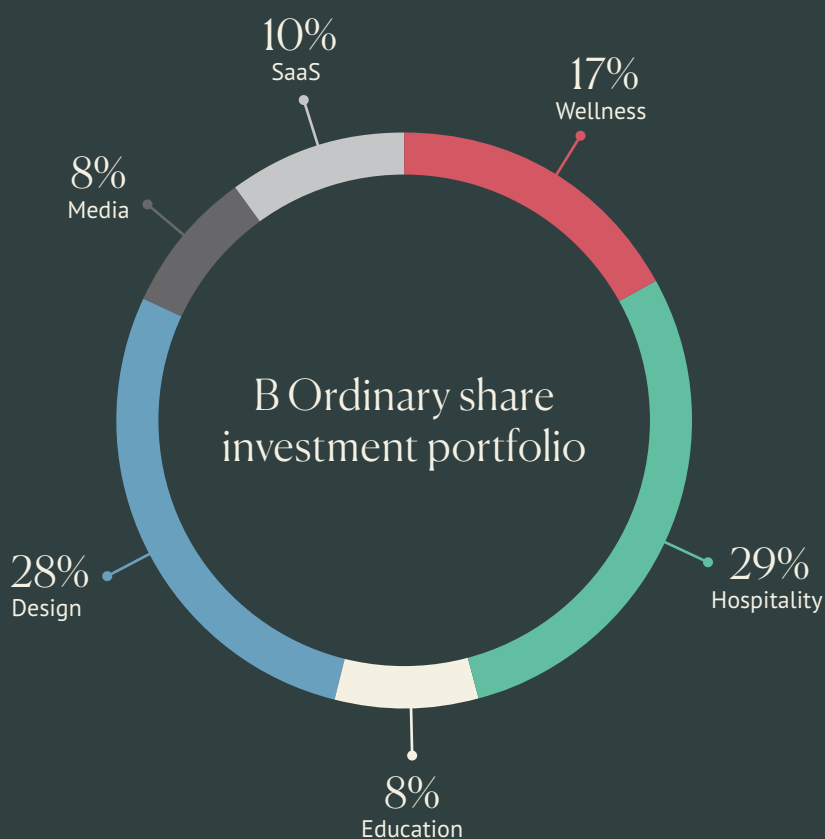
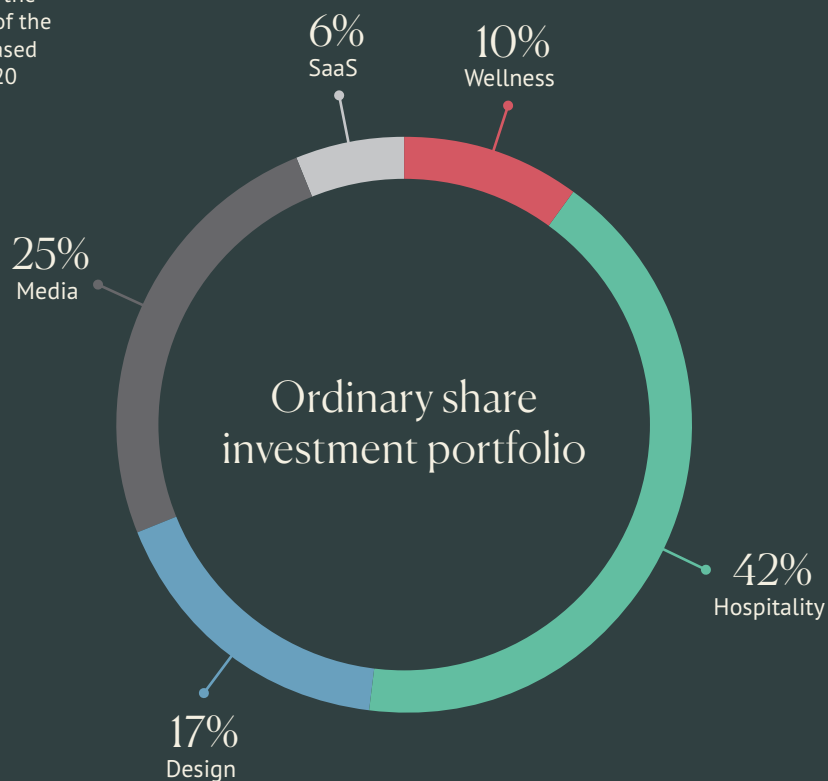
	As at 31 March 2020			As at 31 March 2019		
	Cost £	Fair value £	% of net assets	Cost £	Fair value £	% of net assets
<b>Wellness</b>						
Boom Cycle	2,646,979	2,217,875	2.6	1,646,979	1,794,565	4.2
Plenish	3,070,499	5,405,839	6.3	1,550,048	1,952,565	4.6
KX Urban	1,034,114	790,000	0.9	1,034,114	1,023,527	2.4
LYMA Life	1,549,993	2,752,165	3.2	999,993	999,993	2.3
Thrive	1,329,558	1,600,993	1.9	-	-	-
<b>Hospitality</b>						
Chilango	85,000	-	-	85,000	121,429	0.3
Five Guys UK	570,400	1,648,340	1.9	570,400	1,742,471	4.1
La Bottega	585,022	-	-	1,050,000	464,972	1.1
Chucs Bar & Grill	5,109,680	2,220,000	2.6	3,262,167	3,667,197	8.6
Second Home	960,022	155,433	0.2	960,022	1,405,052	3.3
Sourced Market	4,316,767	3,458,626	4.0	1,816,767	1,842,972	4.3
Bel-Air Inc	300,000	-	-	300,000	-	-
Secret Food Tours	1,000,206	1,859,890	2.2	1,000,206	1,253,936	2.9
Rubies in the Rubble	250,099	107,235	0.1	-	-	-
Hackney Gelato	1,000,141	1,000,141	1.2	-	-	-
Pasta Evangelists	2,000,000	2,000,000	2.3	-	-	-
<b>Education</b>						
N is for Nursery	2,115,091	3,591,227	4.2	1,500,100	1,500,100	3.5
Kinteract	1,250,016	1,336,872	1.6	-	-	-
Stitch & Story	999,999	2,175,105	2.5	-	-	-
<b>Design</b>						
Kat Maconie	1,230,000	1,230,000	1.4	630,000	630,000	1.5
Troubadour Goods	900,000	624,475	0.7	400,000	408,954	1.0
Bella Freud	1,550,000	1,921,595	2.2	1,300,000	1,942,799	4.6
Bella Freud Parfum	50,000	50,000	0.1	50,000	50,000	0.1
Chucs	225,000	-	-	225,000	-	-
ME+EM	889,646	5,195,128	6.1	889,646	3,428,510	8.0
Alexa Chung	3,374,374	2,013,829	2.3	2,613,163	2,254,961	5.3
Heist Studios	4,248,514	1,810,638	2.1	1,998,466	2,344,840	5.5
PlayerLayer	3,151,413	2,850,369	3.3	1,600,680	1,600,680	3.7
<b>Media</b>						
Boat International Media	1,150,000	1,150,000	1.3	1,300,000	1,300,000	3.0
Zenos Cars	-	-	-	130,000	-	-
Popsa	2,400,019	5,726,790	6.7	1,000,078	1,000,078	2.3
Roto VR	1,000,000	1,071,160	1.2	-	-	-
<b>SaaS</b>						
Rated People	55,480	160,380	0.2	55,480	84,103	0.2
Beryl	352,697	1,129,846	1.3	352,697	1,129,846	2.6
Wishi Fashion	153,433	153,433	0.2	153,433	153,433	0.4
Unbolted	400,009	500,108	0.6	250,033	250,033	0.6
Stylindex	663,269	663,269	0.8	200,000	200,000	0.5
HotelMap	1,500,000	1,500,000	1.8	1,500,000	1,500,000	3.5
Floom	2,415,000	2,192,798	2.6	565,000	565,000	1.3
Investments before interest	55,882,440	62,263,559	72.6	30,989,472	36,612,016	85.7
Interest rolled up in fixed income investments*	1,962,573	1,962,573	2.3	1,556,170	1,556,170	3.6
Total investments	57,845,013	64,226,132	74.9	32,545,642	38,168,186	89.3
Net current assets	21,480,273	21,480,273	25.1	4,576,483	4,576,483	10.7
Net assets	79,325,286	85,706,405	100.0	37,122,125	42,744,669	100.0

\*Added to investments in the Financial Statements

# Investment Portfolio continued

## Segment analysis

The charts below show the segmental breakdown of the investment portfolio based on cost at 31 March 2020



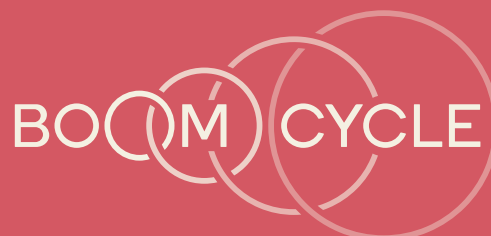
# +Wellness

10%

of the Ordinary  
share investment  
portfolio by cost

17%

of the B Ordinary  
share investment  
portfolio by cost



Boom Cycle is an indoor cycling concept which offers a fun, high-intensity cardiovascular workout.

The business currently has five studios based in London (City, Holborn, Hammersmith, Battersea and Waterloo), where they combine indoor spin cycling with various exercise classes for both upper and lower body work-outs. They have this year secured a contract to produce the digital content for an at-home digital spin company Apex. Boom Cycle is one of the foremost dedicated spinning studios in London, and is intent on replicating the success of some of the larger players in the US.

Cost	£3,076,439
Valuation	£2,486,670
Interest rolled up in fixed income investment	£69,973
Basis of valuation	Multiples
Equity holding	32.1%
Investment in the year at cost	£1,000,000
Total income recognised in the year	£39,989



## PLENISH

Plenish, founded in 2012, is one of the leading providers of nut milks that are now stocked in major supermarkets in the UK and is a fast-growing product category. Their range includes five different milks as well as a 'grab-and-go' offering. They also produce cold-pressed juices in the UK, offering 100% raw organic (unpasteurised) juice.

Cost	£3,395,499
Valuation	£9,201,997
Interest rolled up in fixed income investment	47,273
Basis of valuation	Multiples
Equity holding	37.7%
Investment in the year at cost	£1,520,451
Total income recognised in the year	£14,293



## 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.

Cost	£700,000
Valuation	£1,284,831
Interest rolled up in fixed income investment	-
Basis of valuation	Multiples
Equity holding	11.8%
Investment in the year at cost	-
Total income recognised in the year	-



## LYMA

LYMA was founded in February 2017 with an aspiration to develop a luxury wellness brand. The company worked closely with industry experts and 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.

Cost	£1,549,993
Valuation	£2,752,165
Interest rolled up in fixed income investment	£7,233
Basis of valuation	Multiples
Equity holding	14.5%
Investment in the year at cost	£550,000
Total income recognised in the year	£7,233

## 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.

Cost	£1,034,114
Valuation	£790,000
Interest rolled up in fixed income investment	£181,228
Basis of valuation	Fair value
Equity holding	10.3%
Investment in the year at cost	–
Total income recognised in the year	£66,281



**NEW**

## thrive

Thrive 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, folate and iron. Consumers receive the testing kit in the post, and use the equipment provided to take a blood sample via a simple pinprick. The sample is sent to the lab in a return envelope; results are NHS-grade and available within 48 hours. They also have a range of supplements they can recommend and sell to you based on your test results.

Cost	£1,329,558
Valuation	£1,600,993
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	6.4%
Investment in the year at cost	£1,329,558
Total income recognised in the year	–

# +Hospitality

42%

of the Ordinary  
share investment  
portfolio by cost

29%

of the B Ordinary  
share investment  
portfolio by cost



## Chilango

Chilango is an award-winning chain of quick-service Mexican restaurants based on successful US business models. There are currently 12 restaurants: ten across high-footfall areas of London, and two further sites, Manchester and Birmingham, which form the start of their regional roll-out.

Cost	£634,850
Valuation	nil
Interest rolled up in fixed income investment	-
Basis of valuation	Net asset value
Equity holding	2.9%
Investment in the year at cost	-
Total income recognised in the year	-

## 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 100 outlets in the UK.

Cost	£2,083,200
Valuation	£6,018,798
Interest rolled up in fixed income investment	£1,260,954
Basis of valuation	Multiples
Equity holding	1.1%
Investment in the year at cost	£373,864
Total income recognised in the year	-



Chucs Bar & Grill is a restaurant concept reflecting the style and branding of the Italian Riviera. The first restaurant opened on Dover Street in Mayfair, London and has since expanded to two more, Westbourne Grove and Belgravia. Chucs now also has three cafes in the family, Serpentine and two new additions in 2019, Kensington and Chelsea.

Cost	£5,723,958
Valuation	£2,220,000
Interest rolled up in fixed income investment	-
Basis of valuation	Multiples
Equity holding	29.0%
Investment in the year at cost	£1,847,513
Total income recognised in the year	-



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 now has sites in London, Lisbon and Los Angeles.

Cost	£1,485,096
Valuation	£466,523
Interest rolled up in fixed income investment	-
Basis of valuation	Multiples
Equity holding	3.2%
Investment in the year at cost	-
Total income recognised in the year	-



## SOURCED

### MARKET

Sourced Market, launched in 2007, 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 at St Pancras International in King's Cross is complemented by two further operating sites in Victoria and Barbican. The new site at a Leeds Skelton service station will be a new high footfall location and is set to open in September 2020.

Cost	£5,146,767
Valuation	£4,314,345
Interest rolled up in fixed income investment	£4,121,296
Basis of valuation	Multiples
Equity holding	46.1%
Investment in the year at cost	£2,500,000
Total income recognised in the year	£107,891



## 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 in 58 top-tier cities across four continents.

Cost	£1,000,206
Valuation	£1,859,890
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	9.1%
Investment in the year at cost	–
Total income recognised in the year	–



**NEW**

## 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. They have focussed on the OOH market, whilst also being stocked in leading supermarkets. Their range includes mayo, relishes and a ketchup that contains 3x more fruit and 50% less sugar than competitors.

Cost	£250,099
Valuation	£107,235
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	3.4%
Investment in the year at cost	£250,099
Total income recognised in the year	–





Hackney Gelato is a new investment in the year that was established in 2015 by two chefs. The brand has quickly become a leading supplier to high-end London restaurants, as well as selling on Ocado and in a number of independent retail outlets.

Cost	£1,000,141
Valuation	£1,000,141
Interest rolled up in fixed income investment	-
Basis of valuation	Cost
Equity holding	17.4%
Investment in the year at cost	£1,000,141
Total income recognised in the year	-

**NEW**



**NEW**



**PASTA  
EVANGELISTS**  
*made in London*

Founded in 2016, Pasta Evangelists sells quality fresh, cooked pasta and sauces, pasta making kits and masterclasses through a wide range of channels, aiming to become the authority in fresh pasta. They have created and sold over 200 pasta recipes since launch, with bestsellers including the pappardelle with wild boar ragu, orecchiette with pistachio pesto and lobster tortelloni. They have kiosks in Harrods, two large M&S stores and sell online direct from their website.

Cost	£2,000,000
Valuation	£2,000,000
Interest rolled up in fixed income investment	-
Basis of valuation	Cost
Equity holding	13%
Investment in the year at cost	£2,000,000
Total income recognised in the year	-

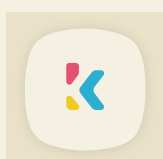
# +Education

8%

of the B Ordinary  
share investment  
portfolio by cost



**NEW**



**Kinteract**

Kinteract is a remote learning and digital education platform. It enables collaboration between teachers, students and parents, and provides guidance to aid child development. It is aimed at those throughout the schooling 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.

Cost	£1,250,016
Valuation	£1,336,872
Interest rolled up in fixed income investment	–
Basis of valuation	Last round
Equity holding	23.2%
Investment in the year at cost	£1,250,016
Total income recognised in the year	–





## N IS FOR NURSERY

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 and, to provide parents with a flexible offering, the nursery is open from 7.00 a.m. to 7.00 p.m. The business has four locations and a further site in Twickenham is due to launch in the summer.

Cost	£2,115,091
Valuation	£3,591,227
Interest rolled up in fixed income investment	£17,699
Basis of valuation	Last round
Equity holding	13.4%
Investment in the year at cost	£614,991
Total income recognised in the year	£17,699



**NEW**

## STITCH & STORY®

Stitch & Story, founded in 2012, sells a range of knitting kits, equipment and yarns accompanied by a range of online tutorial videos to teach viewers knitting techniques. Stitch & Story sells its products mainly in the UK, both online and through third-party retailers such as John Lewis, Liberty, Fenwick and Amazon, alongside over 100 boutique gift stores nationwide; it also sells its kits to customers in the US via its website.

Cost	£1,175,106
Valuation	£2,175,105
Interest rolled up in fixed income investment	-
Basis of valuation	Multiples
Equity holding	16.7%
Investment in the year at cost	£999,999
Total income recognised in the year	-

# +Design

17%

of the Ordinary  
share investment  
portfolio by cost

28%

of the B Ordinary  
share investment  
portfolio by cost

## KAT MACONIE

Kat Maconie, founded in 2008, designs and manufactures distinctive ladies' boots and shoes which are sold online, in department stores and in boutiques globally. In summer 2017, the company collaborated with a Korean cosmetics major, resulting in significant expansion in sales in the Asian market which 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, for shopping and women's beauty treatments.

Cost	£1,550,000
Valuation	£3,464,773
Interest rolled up in fixed income investment	£125,013
Basis of valuation	Last round
Equity holding	26.0%
Investment in the year at cost	£600,000
Total income recognised in the year	£57,539



## TROUBADOUR

Troubadour Goods is a London-based luxury men's and women's accessories brand specialising in designing and creating superior handcrafted leather and textile goods. They launched a wider more affordable range in 2019 which has increased their market presence.

Cost	£1,490,000
Valuation	£1,409,776
Interest rolled up in fixed income investment	£25,068
Basis of valuation	Multiples
Equity holding	37.2%
Investment in the year at cost	–
Total income recognised in the year	£23,150



## BELLA FREUD

Bella Freud is a fashion designer producing a range of high-end men's and women's clothing and homeware, focusing on knitwear. Currently her products are available at her own flagship store on Chilton Street in London, online and through a range of luxury boutiques and department stores in the UK, and around the world.

Cost	£1,950,000
Valuation	£3,171,320
Interest rolled up in fixed income investment	£333,860
Basis of valuation	Multiples
Equity holding	37.9%
Investment in the year at cost	£250,000
Total income recognised in the year	£102,343



## BELLA FREUD PARFUM

With the continuing success of her fashion brand, Bella Freud launched a series of fragrances blending modernity and heritage, including Je t'Aime Jane, Ginsberg is God and the 1970. The scents are available in eau de parfum and candle format. Bella Freud Parfum is now stocked in a range of boutiques and department stores globally.

Cost	£240,000
Valuation	£375,000
Interest rolled up in fixed income investment	£62,109
Basis of valuation	Fair value
Equity holding	22.5%
Investment in the year at cost	–
Total income recognised in the year	£9,933



## ME+EM

ME+EM, founded in 2008, is a contemporary womenswear brand launched by Clare Hornby, designing and producing its collections primarily through catalogues and online, with seven London retail sites and Selfridges in Manchester and London. They have launched online and catalogues in the US this year. The brand targets women aged 30-55 who are busy and fashion conscious, offering a classic aesthetic embodying designer quality at an affordable price.

Cost	£889,646
Valuation	£5,195,128
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	12.8%
Investment in the year at cost	–
Total income recognised in the year	–



## ALEXACHUNG

The iconic model and designer launched her own fashion label in May 2017. It offers accessible luxury womenswear and has already achieved substantial first season wholesale orders. It will produce four in-season collections per year internationally, with stockists in over 15 countries.

Cost	£3,374,374
Valuation	£2,013,829
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	23.1%
Investment in the year at cost	£761,211
Total income recognised in the year	–



## heist

Established in 2015, Heist is a premium hosiery and shape wear manufacturer that seeks to redefine how these products can feel and wear. They launched more products into their shape wear line this year, including the Highlight Short which sold out on release.

Cost	£4,248,514
Valuation	£1,810,638
Interest rolled up in fixed income investment	£72,546
Basis of valuation	Multiples
Equity holding	22.7%
Investment in the year at cost	£2,250,048
Total income recognised in the year	£72,067



## PLAYERLAYER

PlayerLayer designs and manufactures customised sports kit 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.

Cost	£3,151,413
Valuation	£2,850,369
Interest rolled up in fixed income investment	£8,219
Basis of valuation	Multiples
Equity holding	15.2%
Investment in the year at cost	£1,550,734
Total income recognised in the year	£8,219



# +Media



## 25%

of the Ordinary  
share investment  
portfolio by cost

## 8%

of the B Ordinary  
share investment  
portfolio by cost



## 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 and in 2019 launched Boat Pro, a superyacht database leveraging its large collection of information on superyachts and the industry.

Cost	£3,250,000
Valuation	£4,115,677
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	21.6%
Investment in the year at cost	–
Total income recognised in the year	£117,335



# STILLKING

Stilling 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. They have co-produced a number of successful feature films, including *Casino Royale*, *Narnia*, *Mission Impossible 4* and *The Bourne Identity*, and created music videos for artists including Beyoncé, Kanye West, Blur, Madonna and One Direction.

Cost	£1,451,770
Valuation	£2,345,516
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	5.0%
Investment in the year at cost	–
Total income recognised in the year	–



Popsa is a photobook app that, through the use of proprietary machine learning algorithms, has reduced the time it takes for customers to produce photobooks from two hours to an average of just six minutes. Popsa operates in a £5 billion 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 and offers an easy to use customer experience.

Cost	£2,400,019
Valuation	£5,726,790
Interest rolled up in fixed income investment	-
Basis of valuation	Multiples
Equity holding	14.1%
Investment in the year at cost	£1,399,941
Total income recognised in the year	-

**NEW**

roto®

Roto VR's flagship product is an interactive virtual reality (VR) chair, which has been developed over a three-year period. It syncs what users feel with what they see, a phenomenon known as gravitational presence. It does this by auto-rotating wherever the user looks – this is achieved by incorporating accelerometers, gyroscopes and magnetometers inside the Roto Headtracker, a small device that clips on to the user's own VR headset.

Cost	£1,000,000
Valuation	£1,071,160
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	14.1%
Investment in the year at cost	£1,000,000
Total income recognised in the year	

# +SaaS

6%

of the Ordinary  
share investment  
portfolio by cost

10%

of the B Ordinary  
share investment  
portfolio by cost



## rated people

Rated People, founded in 2005, is one of the UK's leading online marketplaces for homeowners to find tradesmen for home improvement work. The company recently secured new funding to increase its market presence and produce marketed adverts on television.

Cost	£641,218
Valuation	£1,264,791
Interest rolled up in fixed income investment	–
Basis of valuation	Multiples
Equity holding	1.4%
Investment in the year at cost	–
Total income recognised in the year	–

## beryl

Beryl designs products which enhance bike safety. Their flagship product is the Laserlight, which projects a laser image onto the ground ahead of the cyclist to alert other road users to the cyclist's presence and are featured on Santander's Cycles. The company has now entered the global cycle hire market with a broadened product offering providing cycle hire in Bournemouth, Poole, Hereford and London.

Cost	£552,697
Valuation	£1,770,536
Interest rolled up in fixed income investment	–
Basis of valuation	Cost
Equity holding	4.2%
Investment in the year at cost	–
Total income recognised in the year	–



## WISHI

Wishi is an innovative fashion technology business that brings together personal styling and online wardrobe management functionality to help fully exploit an individual's current wardrobe and provide new clothing suggestions personalised to their look.

Cost	£153,433
Valuation	£153,433
Interest rolled up in fixed income investment	–
Basis of valuation	Cost
Equity holding	3.2%
Investment in the year at cost	–
Total income recognised in the year	–

## 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 they launched a mortgage product to complement their existing asset back lending product.

Cost	£400,009
Valuation	£500,108
Interest rolled up in fixed income investment	–
Basis of valuation	Last round
Equity holding	5.7%
Investment in the year at cost	£149,976
Total income recognised in the year	–



## STYLINDEX

Stylindex is a platform that helps content producers find the best models, creative talent, and production resources for photoshoots, videos, and events. Stylindex's cloud-based platform allows brand teams to manage shoots and assets in one place and manage the whole process of media asset creation right down to billing and rights allocation and embargoes.

Cost	£663,269
Valuation	£663,269
Interest rolled up in fixed income investment	£31,096
Basis of valuation	Cost
Equity holding	6.4%
Investment in the year at cost	£463,269
Total income recognised in the year	£27,545



## HOTELMAP

Founded in 2014, HotelMap is a worldwide platform for managing hotel bookings exclusively for business events. It exploits 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 it to aggregate huge buying power with hotel suppliers by manoeuvring the world's largest audience of business event delegates to its official hotels.

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

## 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.

Cost	£2,415,000
Valuation	£2,192,798
Interest rolled up in fixed income investment	£35,638
Basis of valuation	Last round
Equity holding	22.6%
Investment in the year at cost	£1,850,000
Total income recognised in the year	£39,189



# — + 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, Chairman'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 within the leisure and luxury brands sectors, whilst mitigating risk appropriately within the framework of the structural requirements imposed on all VCTs.

## Investment policy

### *Investment objectives*

The Company will seek 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 invest in 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 30% of its net assets (20% from 1 April 2020) 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 is expected 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 be biased towards consumer-facing 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 30% of investments (20% from 1 April 2020) 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 30% of the net proceeds of any offer (20% from 1 April 2020) will 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 70% of funds raised in Qualifying Investments within three years of the funds being raised (80% from 1 April 2020). However, this programme of investment in Qualifying Investments will take time to complete; thus in the first three years following a fund raise, 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 30% of the net proceeds of any offer will be invested in other funds (20% from 1 April 2020), 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.

# Strategic Report continued

## 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.

## 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 Chairman'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 to 33). 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 Total Return (discussed on page 8)
- Return per Share (page 6)
- Percentage invested in qualified companies (page 9)

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 Chairman's Statement and Investment Manager's Report on pages 4, 6 and 7.

## 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 3 October 2014 and 1 December 2017 (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 of 2% of the Company's NAV. The Investment Manager also contributes to, and caps the annual running costs of the Company, such that they will not exceed £350,000 whilst the NAV remains below £100 million. If the NAV exceeds £100 million the cap increases to £500,000. The Investment Manager does not take any arrangement fees, monitoring fees or exit fees from any of the portfolio companies. To align themselves with

investors, the Investment Manager does not take any performance incentive fees until investors have been paid actual dividends in excess of: (i) £1 per share plus (ii) the relevant hurdle, as described further below.

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. The performance fee is calculated as 20% (exclusive of VAT) of any amounts distributed to shareholders in excess of: (i) £1 per Share plus (ii) the relevant annual hurdle.

The performance fee in relation to the return on the Ordinary shares is subject to satisfaction of a hurdle, which is that holders of Ordinary shares have received in aggregate a return equivalent to at least 8% per annum per Ordinary share (calculated on a daily basis and not compounded) on the amount subscribed per Ordinary share (£1) as from 20 January 2014 in respect of Ordinary shares issued pursuant to the launch offer and from 31 March 2014 in respect of Ordinary shares issued under the top-up offer. The performance fee in relation to the return on the B Ordinary shares is subject to satisfaction of a hurdle which is that holders of B Ordinary shares have received in aggregate a return equivalent to at least 3% per annum per B Ordinary share (calculated on a daily basis and not compounded) on the amount subscribed per B Ordinary share (£1) as from (i) the date of the last allotment under the offer of B Ordinary shares on the basis of the October 2014 prospectus in respect of shares issued under that prospectus or (ii) the date of the issue of the relevant B Ordinary shares under any subsequent offer of B Ordinary shares, and in either case up to the date of proposed payment of the relevant performance fee. Where, at the time of a distribution there have been previous distributions to the relevant class of shareholders, for the purposes of determining if the hurdle on the relevant shares has been met, the return will be calculated from the day after the previous distribution date for the relevant shares on the total amount subscribed per relevant share by shareholders but reduced by the aggregate amount of such previous distributions made on the relevant shares on a per-share basis.

The Investment Manager's appointment under the IMA will continue until terminated on 12 months' notice given by either party at any time. 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.

### **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. As such, 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. 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 performance, 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, 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 three Directors, all of whom are male. 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 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 2025, 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  
24 July 2020

# — + Directors' Report



This Directors' report incorporates the Corporate governance statement on pages 44 to 46 and the Statement of Directors Responsibilities on page 47.

## 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 and David Till. Brief biographical details of the Directors are given on page 10.

## Share capital

There were 18,099,948 Ordinary shares and 77,708,178 B Ordinary shares in issue at the year end.

During the year 2,360 Ordinary shares were allotted at an average price of 135.27 pence per Ordinary share raising £3,192 under the Dividend Investment Scheme ("DIS").

39,333,850 B Ordinary shares were allotted under Offers for subscription at an average price of 117.34 pence per B Ordinary share raising £46.3 million before deducting issue costs. 176,327 B Ordinary shares were allotted under the DIS at an average price of 108.90 pence per B Ordinary share raising £192,301.

Since the year end, 3,658,609 B Ordinary shares have been issued, refer to Note 24 on page 72 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 2020 no Ordinary or B Ordinary shares were bought back by the Company.

The rights and obligations attaching to the Company's Ordinary shares and B Ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The holders of Ordinary shares and B Ordinary 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 2020 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 47 of this report. The report of the Independent Auditor is set out on pages 48 to 51 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 have 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 Chairman's Statement on page 9. Details of post balance sheet events may be found at Note 24 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 the foreseeable future. The Company's business activities, together with the factors likely to affect its future development, performance and position including the financial, COVID-19 and Brexit related risks the Company is exposed to are set out in the Strategic Report on pages 35 to 37. 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 20 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 46 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 majority 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 monthly.

### Key decision making

The Board has policies for dividends, share buybacks and the dividend investment 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 to ensure the Company can pay stable dividends for investors.

### 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 Company Secretary and the accountant 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

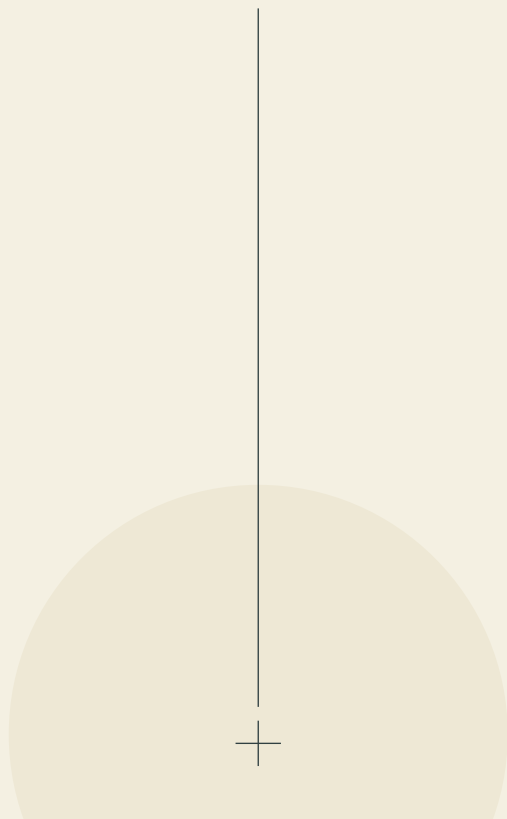
The Company has no direct greenhouse gas emissions or energy consumption to report from its operations, being an externally managed investment company.

### 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  
24 July 2020

# — + 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"). Ordinary resolutions for the approval of the Directors' Remuneration Policy and 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 48 to 51.

## **Annual statement from the Chairman 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. There have been no changes to Directors' remuneration during the year. Directors' fees are reviewed annually and are set by the Board to attract individuals with the appropriate range of skills and experience. In determining the level of fees, their duties and responsibilities are considered, together with the level of time commitment required in preparing for and attending meetings.

As all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee. Any decisions on the appointment of new Directors and remuneration are taken by the Board as a whole. The use of formal advertisements and external consultants is not considered cost effective given the Company's size.

## **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 place an overall limit of £100,000 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 2017 and a resolution is included for its approval by shareholders at the AGM this year.

## **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 2020 are shown in the table below.

	Total annual fee £	Total fee paid for the year ended 31.03.20 £	Total fee paid for the year ended 31.03.19 £
Jonathan Djanogly	20,000	20,000	20,000
Laurence Blackall	15,000	15,000	15,000
David Till*	15,000	15,000	8,836

\*David Till was appointed to the Board on 28 August 2018.

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. David Till has agreed to waive his Director fees from 31 March 2020.

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 2020 and the prior year. There were no outstanding balances due at the year end.

	Year ended 31.03.20 £	Year ended 31.03.19 £	Percentage increase %
Total Directors' fees	50,000	43,836	14%
Dividend	2,178,963	1,529,549	42%
Repurchase of own shares	-	101,957	-

### Directors' shareholdings (audited)

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

Director	As at 31.03.20				As at 31.03.19			
	Ordinary shares held	% of Ordinary shares in issue	B Ordinary shares held	% of B Ordinary shares in issue	Ordinary shares held	% of Ordinary shares in issue	B Ordinary shares held	% of B Ordinary shares in issue
Jonathan Djanogly	25,000	0.14	50,000	0.06	25,000	0.14	25,000	0.04
Laurence Blackall	200,000	1.10	100,000	0.13	200,000	1.11	100,000	0.18
David Till	100,000	0.55	134,693	0.17	100,000	0.55	90,569	0.16

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

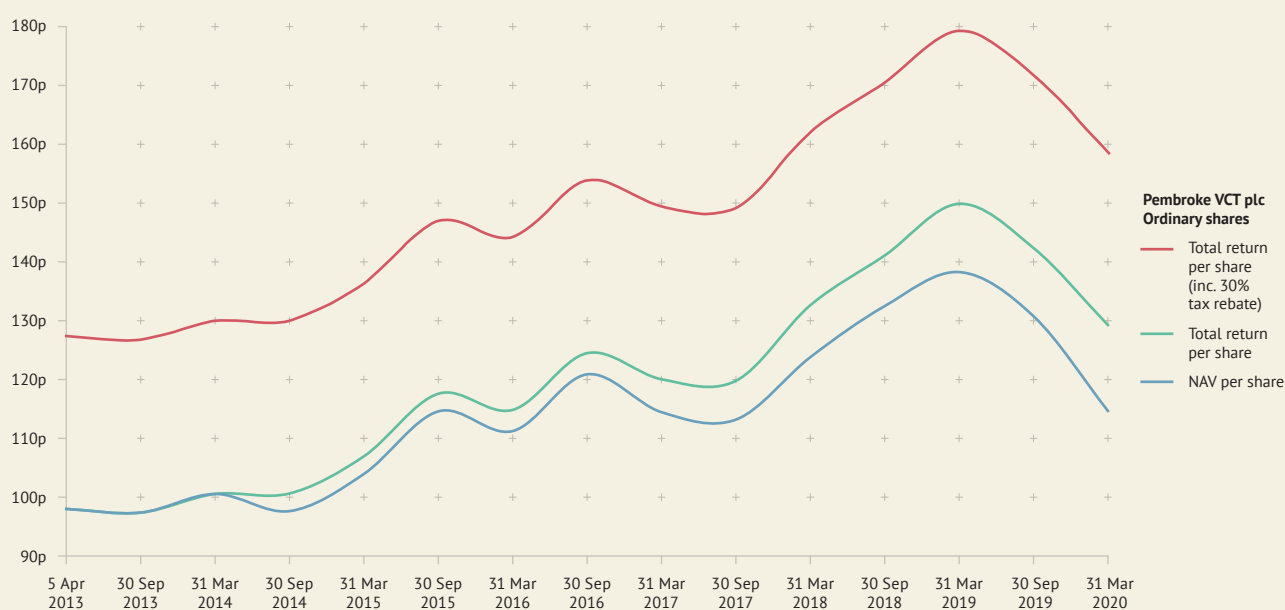
# Directors' Remuneration Report continued

## Company performance

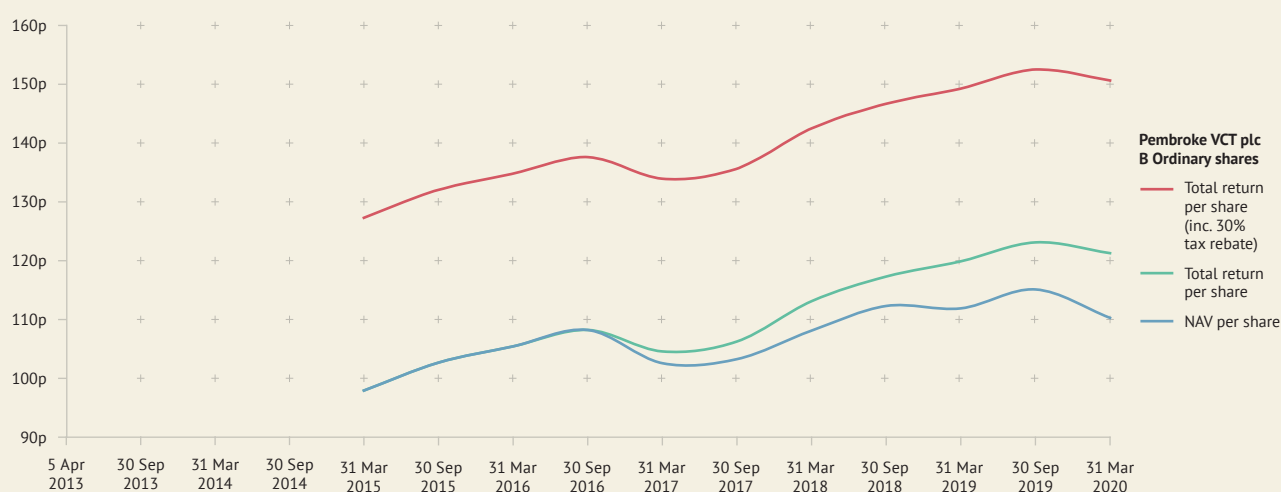
The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through a management agreement. The Directors consider that a comparison of investment performance against the FTSE UK Small 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 compares the Company's Ordinary and B Ordinary share prices, net asset values 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.

### Ordinary shares



### B Ordinary shares



At the AGM held on 7 September 2017 99.9% of shareholders voted for, 0.1% of shareholders voted against and 23,336 shares were withheld in respect of the resolution approving the Directors' remuneration policy.

At the last AGM held on 26 September 2019, 99.8% of shareholders voted for, 0.2% of shareholders voted against and nil shares were withheld in respect of the resolution approving the Directors' remuneration report.

Ordinary resolutions for the approval of the Directors' Remuneration Policy and the Directors' Annual Report on Remuneration will be put to shareholders at the forthcoming AGM.

On behalf of the Board  
Jonathan Djanogly  
Director  
24 July 2020

# + 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/uk-corporate-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 2020.

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, it is not considered appropriate to appoint a nomination or remuneration committee 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 a small 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 three non-executive Directors, two of whom are considered to be independent. The third 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.

Jonathan Djanogly and Laurence Blackall's are dated with effect from 5 April 2013 and David Till's with effect from 28 August 2018.

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 Chairman 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 Committee and, consequently, individual Directors each coming 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 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. 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 they be re-elected at the AGM.

## Audit Committee

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

The Audit Committee comprises two independent Directors. The members of the committee are Laurence Blackall (chairman) and Jonathan Djanogly. A quorum shall be two members.

During the year ended 31 March 2020 and up to the date of signing the Annual Report and Financial Statements, the Audit 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 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 Committee meeting before sign-off of the Financial Statements. The Committee concluded:

Venture Capital status – the Investment Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status had been complied with throughout the year.

Valuation of unquoted investments – the Investment Manager confirmed to the Audit 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 Committee examined the Investment Manager's confirmation and considered it appropriate.

The Investment Manager and auditor confirmed to the Audit 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 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 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. BDO LLP does not provide any non-audit services to the Company and the Audit Committee must approve the appointment of the external auditor for any non-audit services. BDO LLP was appointed by the Board as auditor during the current financial year following a tender process, therefore the current partner has only served for the current year. The Board notes that statutory audit retendering is required after an auditor has been in place for ten years.

# Corporate Governance Statement continued

## Attendance at Board and committee meetings

During the year ended 31 March 2020 there were:

- 4 full Board meetings; and
- 2 Audit Committee meetings.

The Directors' attendance at these meetings is noted below.

Director	Board	Audit Committee
Jonathan Djanogly	4	2
Laurence Blackall	4	2
David Till	4	n/a

## 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; 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. All written communication with shareholders is reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved. 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 Chairman'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.

In the current year, the Company introduced shareholder statements which will be distributed to shareholders annually in January, the Company also provided an Investor Hub, <https://pembroke-vct.cityhub.uk.com> where shareholders can create an account which allows them to view their transaction history and deal with administration matters.

On behalf of the Board  
Jonathan Djanogly  
Director  
24 July 2020

# + Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable laws and regulations. The Directors have chosen to prepare the Financial Statements for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view in accordance with UK GAAP of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period and which comply with UK GAAP and the Companies Act 2006.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether all applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements respectively;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Prepare a Strategic Report, a Directors' 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 which enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for the system of internal control, 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 consider that the Annual Report and Financial Statements of the Company for the year ended 31 March 2020 as a whole is fair, balanced and understandable and provides the information necessary for the members of the Company to assess the Company's position and performance, business model and strategy.

## Website publication

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

## Directors' responsibilities pursuant to DTR4

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with UK GAAP, give a true and fair view of the assets, liabilities, financial position and return or 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 Company together with a description of the principal risks and uncertainties that it faces.

The names of the Directors undersigning this Statement of Responsibilities may be found in the Directors' Report on page 38.

On behalf of the Board  
Jonathan Djanogly  
Director  
24 July 2020

# + Independent Auditor's Report

## Opinion

We have audited the Financial Statements of Pembroke VCT plc (the "Company") for the year ended 31 March 2020 which comprise the income statement, balance sheet, statement of changes in equity, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- the Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to principal risks, going concern and viability statement

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

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

## Key audit matters

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

### **Key Audit Matter: Valuation of investments (Notes 5(a) and 12 to the Financial Statements)**

There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting of both equity and loan stock portions.

The Investment Manager's fee is based on the value of the net assets of the fund, as shown in Note 5.

As the Investment Manager is responsible for the valuation of investments for the Financial Statements, there is a potential risk of overstatement of investment valuations.

### **How we addressed the Key Audit Matter in the Audit**

We tested a sample of 95% of the unquoted investment portfolio by value of investment holdings.

24% of the unquoted portfolio is based on valuations using cost (where the investment was recently acquired) and the price of a recent investment. For such investments, we checked the cost to supporting documentation 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 2020.

The remaining 76% of the investment portfolio is valued with reference to more subjective techniques with 73% using revenue multiple and 3% using EBITDA multiples, as described in Note 12.

Our detailed testing for such investments, performed on all investments within our sample comprised:

- Considering whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines;
- Re-performing the calculation of the investment valuations;
- Agreeing and benchmarking key inputs and estimates to independent information from our own research and against metrics from the most recent investments;
- Challenging of assumptions inherent to the valuation of unquoted investments and assessment of the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the Financial Statements;
- Where appropriate, performing sensitivity analysis on the valuation calculations where there was sufficient evidence to suggest reasonable alternative inputs might exist;
- Considering the economic environment in which the investment operates to identify factors that could impact the investment valuation; and
- Checking the consistency of the valuation approach year-on-year and across similar asset types, in accordance with IPEV guidelines, including the special guidance issued in March 2020.

For investments not included in our detailed testing, we performed the following procedures where relevant:

- Considered whether the valuation had been prepared by a suitably qualified individual;
- Considered whether a valid IPEV methodology had been adopted;
- Considered whether the valuation used up-to-date trading information; and
- Performed analytical procedures, by considering any changes to the valuation methodology from the prior year.

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

- Agreed security held to documentation; and
- 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 (i.e. the investment as a whole).

#### **Key observations**

Based on the procedures performed we did not identify any matters to suggest that the valuation was not appropriate.

#### **Key Audit Matter: Revenue recognition (Notes 5(b) and 6 to the Financial Statements)**

Revenue consists primarily of interest earned on loans to investee companies, as well as dividends receivable from investee companies.

Revenue recognition is considered to be a significant risk, particularly the assessment of the recoverability of loan interest income, and the completeness of dividends, as it is one of the key drivers of dividend returns to investors.

Income arises from unquoted investments and can be difficult to predict. It is often a key factor in demonstrating the performance of the portfolio.

#### **How we addressed the Key Audit Matter in the Audit**

We considered any uncertainty around the future receipt of any accrued fixed rate income by establishing whether there is sufficient value to cover the loan stock from the enterprise value. We developed expectations for interest income receivable based on loan instruments and investigated any variations between the expectation and amounts recognised to check that they were valid.

In respect of dividends receivable, we compared actual income to expectations set based on independent published data or management information from the investee company on dividends declared by the portfolio of companies held.

We have tested the classification of income between revenue and capital by identifying any dividend yields above 5% as this would appear to be unusual for a non capital dividend.

#### **Key observations**

As a result of performing the above procedures, we did not identify any matters to suggest that the revenue recognition was not 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. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

# Independent Auditor's Report continued

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
<i>Financial statement materiality.</i> (2% of gross investments)	Assessing whether the Financial Statements as a whole present a true and fair view.	<ul style="list-style-type: none"> <li>• The value of gross investments</li> <li>• The level of judgment inherent in the valuation</li> <li>• The range of reasonable alternative valuations</li> </ul>	£1,807,000
<i>Performance materiality.</i> (65% of materiality)	Level of materiality applied in the performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none"> <li>• Financial statement materiality</li> <li>• Risk and control environment</li> <li>• New client</li> <li>• History of prior errors (if any)</li> </ul>	£1,173,000

We have set a lower threshold for testing those items impacting revenue return of £239,000 which is based on 10% of total expenditure.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £36,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

## An overview of the scope of our audit

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

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

## Capability of the audit to detect irregularities, including fraud

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") issued in October 2019. We also considered the Company's qualification as a VCT under UK tax legislation.

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

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

- 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
- review of minutes of board meetings throughout the year.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report 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.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

### Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the 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.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

### Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 14 November 2019 to audit the Financial Statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ending 31 March 2020.

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

Our audit opinion is consistent with the additional report to the audit committee.

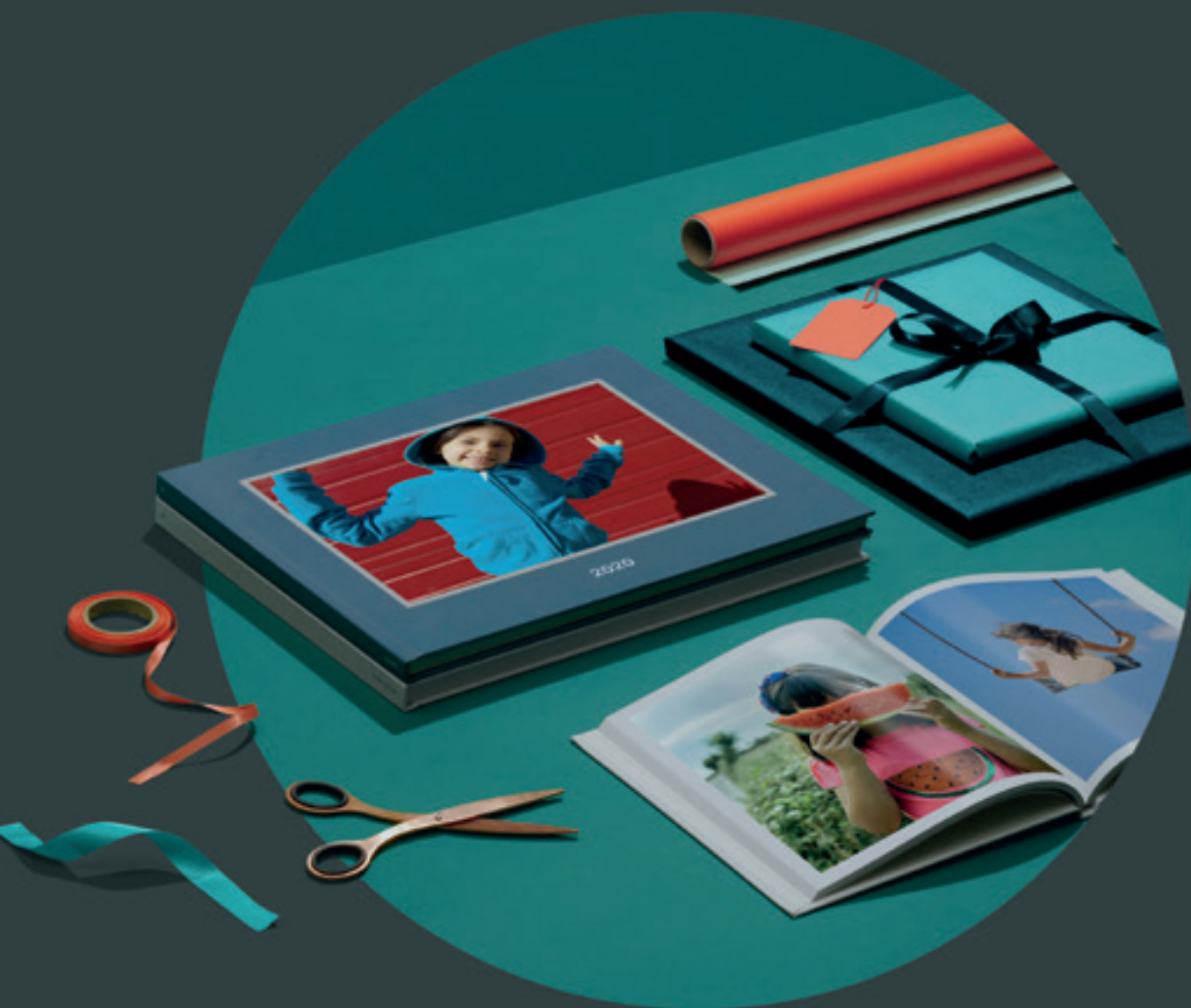
### Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom  
24 July 2020

*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 2020

	Note	Year ended 31.03.20			Year ended 31.03.19		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Realised/unrealised gains and losses on investments	12	–	(2,207,262)	(2,207,262)	–	6,355,060	6,355,060
Income	5,6	1,397,789	–	1,397,789	1,019,812	–	1,019,812
Interest write offs		(663,582)	–	(663,582)	–	–	–
Investment Manager's fees	7	(446,391)	(1,339,171)	(1,785,562)	(295,520)	(886,543)	(1,182,063)
Other expenses	8	(609,511)	–	(609,511)	(366,064)	–	(366,064)
(Loss)/profit before tax		(321,695)	(3,546,433)	(3,868,128)	358,228	5,468,517	5,826,745
Tax	9	–	–	–	(68,000)	68,000	–
Loss attributable to equity shareholders		(321,695)	(3,546,433)	(3,868,128)	290,228	5,536,517	5,826,745
Return per share – unaudited (pence)							
Ordinary shares	11	(0.48)	(20.12)	(20.60)	0.51	16.73	17.24
B Ordinary shares	11	(0.41)	0.17	(0.24)	0.59	7.54	8.14

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 October 2019. A separate Statement of Comprehensive Income has not been prepared as all comprehensive income is included in the Income Statement.

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

## Unaudited non-statutory analysis between the Ordinary and B Ordinary shares

	Note	Ordinary shares			B Ordinary shares		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Realised/unrealised gains and losses on investments	12	–	(3,300,816)	(3,300,816)	–	500,033	500,033
Income	5,6	349,989	–	349,989	1,047,800	–	1,047,800
Interest write offs		(188,337)	–	(188,337)	(475,245)	–	(475,245)
Investment Manager's fees	7	(113,317)	(339,950)	(453,267)	(333,074)	(999,221)	(1,332,295)
Other expenses	8	(135,441)	–	(135,441)	(474,070)	–	(474,070)
Loss before tax		(87,106)	(3,640,766)	(3,727,872)	(234,589)	(499,188)	(733,777)
Tax	9	–	–	–	–	–	–
Loss attributable to equity shareholders		(87,106)	(3,640,766)	(3,727,872)	(234,589)	(499,188)	(733,777)

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# + Balance Sheet

as at 31 March 2020

	Note	As at 31.03.20 £	As at 31.03.19 £
<b>Fixed assets</b>			
Investments	12	88,097,127	64,713,367
<b>Current assets</b>			
Debtors	14	2,262,293	2,214,681
Cash at bank and in hand		16,422,692	1,079,815
		18,684,985	3,294,496
Creditors: amounts falling due within one year	15	(320,083)	(239,962)
Net current assets		18,364,902	3,054,534
Net assets		106,462,029	67,767,901
<b>Capital and reserves</b>			
Called up share capital	16,17	958,081	562,956
Share premium account	17	85,486,007	41,139,405
Capital redemption reserve	17	2,412	2,412
Special reserve	17	9,472,348	11,651,819
Capital reserves	17	9,802,588	13,349,021
Revenue reserves	17	740,593	1,062,288
Total shareholders' funds		106,462,029	67,767,901
Net asset value per Ordinary share (pence)	18	114.67	138.27
Net asset value per B Ordinary share (pence)	18	110.29	111.90

The Financial Statements were approved by the Directors authorised for issue on 24 July 2020 and signed on their behalf by:

Jonathan Djanogly  
Director

*Company registered number: 08307631*

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# Balance Sheet continued

as at 31 March 2020

Unaudited Non-statutory analysis between the Ordinary and B Ordinary share funds

		As at 31.03.20			As at 31.03.19		
	Note	Ordinary shares £	B Ordinary shares £	Total £	Ordinary shares £	B Ordinary shares £	Total £
<b>Fixed assets</b>							
Investments	12	23,870,995	64,226,132	88,097,127	26,545,181	38,168,186	64,713,367
<b>Current assets</b>							
Debtors	14	13,273	2,249,020	2,262,293	–	2,214,681	2,214,681
Cash at bank and in hand		(3,062,533)	19,485,225	16,422,692	(1,473,466)	2,553,281	1,079,815
		(3,049,260)	21,734,245	18,684,985	(1,473,466)	4,767,962	3,294,496
Creditors: amounts falling due within one year	15	(66,111)	(253,972)	(320,083)	(48,483)	(191,479)	(239,962)
Net current assets		(3,115,371)	21,480,273	18,364,902	(1,521,949)	4,576,483	3,054,534
Net assets		20,755,624	85,706,405	106,462,029	25,023,232	42,744,669	67,767,901
<b>Capital and reserves</b>							
Called up share capital	16,17	180,999	777,082	958,081	180,976	381,980	562,956
Share premium account	17	1,610,193	83,875,814	85,486,007	1,607,024	39,532,381	41,139,405
Capital redemption reserve	17	500	1,912	2,412	500	1,912	2,412
Special reserve	17	13,290,715	(3,818,367)	9,472,348	13,833,643	(2,181,824)	11,651,819
Capital reserves	17	5,369,789	4,432,799	9,209,068	9,010,555	4,338,466	13,349,021
Revenue reserves	17	303,428	437,165	740,593	390,534	671,754	1,062,288
Total shareholders' funds		20,755,624	85,706,405	106,462,029	25,023,232	42,744,669	67,767,901
Net asset value per share (pence)	18	114.67	110.29	n/a	138.27	111.90	n/a

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# Statement of Changes in Equity

for the year ended 31 March 2020

For the year ended 31 March 2020	Called up share capital £	Non-distributable reserves Share premium £	Capital redemption reserve £	Capital reserve £	Distributable reserves Special reserve £	Capital reserve £	Revenue reserve £	Total reserves £
Opening balance as at 1 April 2019	562,956	41,139,405	2,412	16,205,469	11,651,819	(2,856,448)	1,062,288	67,767,901
Total comprehensive income for the year	-	-	-	(2,207,262)	-	(1,339,171)	(321,695)	(3,868,128)
Contributions by and distributions to owners								
Shares issued (Note 16)	395,125	46,113,811	-	-	-	-	-	46,508,936
Shares bought back (Note 16)	-	-	-	-	(508)	-	-	(508)
Share issue expenses	-	(1,767,209)	-	-	-	-	-	(1,767,209)
Investment disposal	-	-	-	630,000	-	(630,000)	-	-
Dividends paid (Note 10)	-	-	-	-	(2,178,963)	-	-	(2,178,963)
Closing balance as at 31 March 2020	958,081	85,486,007	2,412	14,628,207	9,472,348	(4,825,619)	740,593	106,462,029

For the year ended 31 March 2019	Called up share capital £	Non-distributable reserves Share premium £	Capital redemption reserve £	Capital reserve £	Distributable reserves Special reserve £	Capital reserve £	Revenue reserve £	Total reserves £
Opening balance as at 1 April 2018	447,104	28,903,490	1,429	9,467,409	13,283,325	(1,654,905)	772,060	51,219,912
Total comprehensive income for the year	-	-	-	6,738,060	-	(1,201,543)	290,228	5,826,745
Contributions by and distributions to owners								
Shares issued	116,835	12,568,304	-	-	-	-	-	12,685,139
Shares bought back (Note 16)	(983)	-	983	-	(101,957)	-	-	(101,957)
Share issue expenses	-	(332,389)	-	-	-	-	-	(332,389)
Dividends paid	-	-	-	-	(1,529,549)	-	-	(1,529,549)
Closing balance as at 31 March 2019	562,956	41,139,405	2,412	16,205,469	11,651,819	(2,856,448)	1,062,288	67,767,901

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# Statement of Changes in Equity continued

for the year ended 31 March 2020

## Unaudited non-statutory analysis between the Ordinary and B Ordinary share funds

Ordinary shares	Non-distributable reserves				Distributable reserves			Total reserves
	Called up share capital £	Share premium £	Capital redemption reserve £	Capital reserve £	Special reserve £	Capital reserve £	Revenue reserve £	
Opening balance as at 1 April 2019	180,976	1,607,024	500	10,582,925	13,833,643	(1,572,370)	390,534	25,023,232
Shares issued	23	3,169	-	-	-	-	-	3,192
Investment disposal	-	-	-	500,000	-	(500,000)	-	-
Dividends paid	-	-	-	-	(542,928)	-	-	(542,928)
Loss for the year	-	-	-	(3,300,816)	-	(339,950)	(87,106)	(3,727,872)
Closing balance as at 31 March 2020	180,999	1,610,193	500	7,782,109	13,290,715	(2,412,320)	303,428	20,755,624

B Ordinary shares	Non-distributable reserves				Distributable reserves			Total reserves
	Called up share capital £	Share premium £	Capital redemption reserve £	Capital reserve £	Special reserve £	Capital reserve £	Revenue reserve £	
Opening balance as at 1 April 2019	381,980	39,532,381	1,912	5,622,544	(2,181,824)	(1,284,078)	671,754	42,744,669
Shares issued	395,102	46,110,642	-	-	-	-	-	46,505,744
Shares bought back (Note 16)	-	-	-	-	(508)	-	-	(508)
Share issue expenses	-	(1,767,209)	-	-	-	-	-	(1,767,209)
Investment disposal	-	-	-	130,000	-	(130,000)	-	-
Dividends paid	-	-	-	-	(1,636,035)	-	-	(1,636,035)
Loss for the year	-	-	-	1,093,554	-	(999,221)	(234,589)	(140,256)
Closing balance as at 31 March 2020	777,082	83,875,814	1,912	6,846,098	(3,818,367)	(2,413,299)	437,165	85,706,405

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# + Cash Flow Statement

for the year ended 31 March 2020

	Note	Year ended 31.03.20 £	Year ended 31.03.19 £
<b>Operating activities</b>			
Investment income received – qualifying		113,053	89,913
Deposit and similar interest received – non-qualifying		31,801	6,223
Investment Manager's fees paid		(1,769,336)	(1,401,585)
Company secretarial fees paid		(52,009)	(62,496)
Cash paid to and on behalf of Directors		(54,342)	(52,667)
Other cash payments		(338,673)	(206,700)
Net cash outflow from operating activities	19	(2,069,506)	(1,627,312)
<b>Cash flows from investing activities</b>			
Purchase of investments	12	(16,539,290)	(9,073,979)
Long-term loans made	12	(8,613,269)	(2,155,000)
Long-term loans repaid		150,000	382,000
Net cash outflow from investing activities		(25,002,559)	(10,846,979)
Net cash outflow before financing		(27,072,065)	(12,474,291)
<b>Cash flows from financing activities</b>			
Net proceeds from share issues		44,696,371	11,834,014
Share buybacks paid	16	(102,466)	–
Equity dividends paid	10	(2,178,963)	(1,529,549)
Net cash inflow from financing		42,414,942	10,304,465
Increase/(decrease) in cash and cash equivalents		15,342,877	(2,169,826)
Cash and cash equivalents at the beginning of the year		1,079,815	3,249,641
Cash and cash equivalents at the end of the year	20	16,422,692	1,079,815

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# Cash Flow Statement continued

for the year ended 31 March 2020

Unaudited non-statutory analysis between the Ordinary and B Ordinary share funds

	Year ended 31.03.20			Year ended 31.03.19		
	Ordinary shares £	B Ordinary shares £	Total £	Ordinary shares £	B Ordinary shares £	Total £
<b>Operating activities</b>						
Investment income received – qualifying	–	113,053	113,053	46,246	43,667	89,913
Deposit and similar interest received – non-qualifying	–	31,801	31,801	–	6,223	6,223
Investment Manager's fees paid	(463,081)	(1,306,255)	(1,769,336)	(546,160)	(855,425)	(1,401,585)
Company secretarial fees paid	(15,991)	(36,018)	(52,009)	(22,618)	(39,878)	(62,496)
Cash paid to and on behalf of Directors	(13,272)	(41,070)	(54,342)	(18,389)	(34,278)	(52,667)
Other cash payments	(85,561)	(253,112)	(338,673)	(85,546)	(121,154)	(206,700)
Net cash outflow from operating activities	(577,905)	(1,491,601)	(2,069,506)	(626,467)	(1,000,845)	(1,627,312)
<b>Cash flows from investing activities</b>						
Purchase of investments	–	(16,539,290)	(16,539,290)	–	(9,073,979)	(9,073,979)
Long-term loans made	–	(8,613,269)	(8,613,269)	–	(2,155,000)	(2,155,000)
Long-term loans repaid	–	150,000	150,000	–	382,000	382,000
Net cash outflow from investing activities	–	(25,002,559)	(25,002,559)	–	(10,846,979)	(10,846,979)
Net cash outflow before financing	(577,905)	(26,494,160)	(27,072,065)	(626,467)	(11,847,824)	(12,474,291)
<b>Cash flows from financing activities</b>						
Net proceeds from share issues	3,192	44,693,179	44,696,371	23,669	11,810,345	11,834,014
Share buybacks paid	–	(102,466)	(102,466)	–	–	–
Equity dividends paid	(542,928)	(1,636,035)	(2,178,963)	(542,851)	(986,698)	(1,529,549)
Net cash (outflow)/inflow from financing	(539,736)	42,954,678	42,414,942	(519,182)	10,823,647	10,304,465
Increase/(decrease) in cash	(1,117,641)	16,460,518	15,342,877	(1,145,649)	(1,024,177)	(2,169,826)

The accompanying notes on pages 61 to 72 are an integral part of the Financial Statements.

# + Notes to 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 un-listed 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 with the Companies Act 2006 and in accordance with the SORP issued by the Association of Investment Companies (‘AIC’) in October 2019. 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 for the foreseeable future. Therefore, the Company continues to adopt the going concern basis in preparing these Financial Statements.

## 4. Significant judgments and estimates

The preparation of the Financial Statements may require the Board to make judgments 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, 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.

No judgments have been applied in selection and application of accounting policy.

## 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 by the Directors. 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.

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.

# Notes to the Financial Statements continued

## 5. Accounting policies (continued)

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.

### 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 transaction price, less any impairment.

### f) Creditors

Short-term trade creditors are measured at the transaction price.

### 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 the cost which is considered to be a reasonable approximation of their fair value.

#### i) Events after the balance sheet date

Dividends declared and approved by the Company after the balance sheet date have not been recognised as a liability of the Company at the balance sheet date. The Board is recommending final dividends for the year ended 31 March 2020 of 3.0 pence per Ordinary share and 3.0 pence per B Ordinary share.

### 6. Income

	2020 £	2019 £
<b>Interest receivable – revenue</b>		
– from bank deposits	32,691	6,223
– from loan stock	1,365,098	1,005,570
– arrangement fees received	–	2,020
Dividends receivable	–	5,999
	<b>1,397,789</b>	<b>1,019,812</b>

### 7. Investment Manager's fees

	2020 £	2019 £
Pembroke Investment Managers LLP	1,785,562	1,182,063

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.

Details of the appointment may be found in the Strategic Report on page 36.

No performance fee is due in respect of the year ended 31 March 2020 (2019: £nil).

### 8. Other expenses

Other expenses include:	2020 £	2019 £
Company secretarial fees	102,079	83,832
Auditor's remuneration – audit of Statutory Financial Statements	41,012	39,975
Printing and stationery	26,718	33,506
Registrar fees	28,861	7,569
Marketing	1,900	12,820
Insurance*	216,332	37,608
Other professional fees	36,593	18,323
Employers NI on Directors' remuneration	4,342	4,080
Other costs	99,376	64,355
Irrecoverable VAT	52,298	46,050

The Company has no employees other than the Directors.

\*Includes insurance recharge for the period from 1 April 2013 to 31 March 2018.

Information relating to Directors' remuneration can be found in the audited section of the Directors' Remuneration Report on page 41.

# Notes to the Financial Statements continued

## 9. Tax

a) Analysis of tax charge	2020 £	2019 £
<b>Current year charge:</b>		
Revenue charge	–	89,700
Credited to capital return	–	(89,700)
Current tax charge (Note 9b))	–	–
<b>Prior year charge:</b>		
Revenue charge	–	–
Credited to capital return	–	–
Total current and prior year tax charge	–	–
<b>b) Factors affecting tax charge for the year</b>	2020 £	2019 £
(Loss)/profit on ordinary activities before taxation	(3,868,128)	5,826,745
<b>Effect of:</b>		
Corporation tax at 19% (2019: 19%)	(734,944)	1,107,081
Non-taxable gains on investments	419,380	(1,207,464)
Non-taxable dividends	–	(1,140)
Current year losses carried forward	315,564	–
Deferred tax not recognised	–	101,523
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 £537,000 (2019: £168,000). This is calculated using a corporation tax rate of 19% (2019: 17%) 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:	2020 £	2019 £
Final dividend on Ordinary and B Ordinary shares for the year ended 31 March 2018 of 3.0p per share	–	1,529,549
Final dividend on Ordinary and B Ordinary shares for the year ended 31 March 2019 of 3.0p per share	2,178,963	–
	2,178,963	1,529,549
Dividends paid or payable in respect of the financial year:	2020 £	2019 £
Final dividend on Ordinary and B Ordinary shares for the year ended 31 March 2020 of 3.0 pence per share – payable on 29 October 2020* (2019: 3.0p)	2,984,002	2,107,154

\*Based on shares in issue at 24 July 2020.

All dividends are paid from the special reserve.

## 11. Return per share – unaudited

	2020			2019		
	Revenue	Capital	Total	Revenue	Capital	Total
Earnings per Ordinary share (pence)	(0.48)	(20.12)	(20.60)	0.51	16.73	17.24
Earnings per B Ordinary share (pence)	(0.41)	0.17	(0.25)	0.59	7.54	8.14

Basic revenue return per Ordinary share is based on the net revenue loss after taxation of £87,106 (gain 2019: £92,800) and on 18,098,575 (2019: 18,095,587) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year. Basic capital return per Ordinary share is based on the net capital loss after taxation of £3,640,766 (2019: £3,027,796) and on 18,098,575 (2019: 18,095,587) Ordinary shares, being the weighted average number of shares in issue during the year.

Basic revenue return per B Ordinary share is based on the net revenue loss after taxation of £234,589 (2019: £197,428) and on 56,945,584 (2019: 33,255,599) B Ordinary shares, being the weighted average number of shares in issue during the year. Basic capital return per B Ordinary share is based on the net capital gain after taxation of £94,333 (2019: £2,508,721) and on 56,945,584 (2019: 33,255,599) Ordinary shares, being the weighted average number of shares in issue during the year.

## 12. Investments

Movements in investments during the year are summarised as follows:

	Shares £	Loan stock £	Total £
<b>Opening valuation:</b>			
Cost at 31 March 2019	33,520,281	12,243,200	45,763,481
Unrealised gains at 31 March 2019	18,377,971	-	18,377,971
Unrealised losses on loan notes at 31 March 2019	-	(2,155,028)	(2,155,028)
Interest rolled up in fixed income investments	-	2,726,943	2,726,943
Valuation at 31 March 2019	51,898,252	12,815,115	64,713,367
<b>Movements in the year:</b>			
Purchases at cost	16,539,290	8,613,269	25,152,559
Loans repaid	-	(150,000)	(150,000)
Loans converted to equity	4,064,972	(4,064,972)	-
Loan interest converted to equity	20,408	-	20,408
Unrealised gains/(losses)	(1,682,262)	105,000	(1,577,262)
Realised gain/(loss)	(525,000)	(105,000)	(630,000)
Interest rolled up in fixed income investments	-	568,055	568,055
Total movements in the year	18,417,408	4,966,352	23,383,760
<b>Closing valuation:</b>			
Cost at 31 March 2020	53,619,958	16,536,491	70,156,449
Unrealised gains at 31 March 2020	16,695,702	-	16,695,702
Unrealised losses on loan notes at 31 March 2020	-	(2,050,022)	(2,050,022)
Interest rolled up in fixed income investments	-	3,294,998	3,294,998
Valuation at 31 March 2020	70,315,660	17,781,467	88,097,127

As at 31 March 2020, the Company had arrangements in place to dispose of La Bottega.

As at 31 March 2020, the Company had commitments under undrawn loan facility agreements totalling £650,000 (Boom Cycle - £200,000 and Lyra - £450,000).

## Notes to the Financial Statements continued

### 12. Investments (continued)

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

	Carrying value at 31 March 2019 £	Additions in the year £	Increase/ (decrease) in valuation £	Carrying value at 31 March 2020 £
Plenish	4,014,868	1,500,043	3,687,086	9,201,997
Chucs Bar & Grill	5,855,831	1,382,535	(5,018,366)	2,220,000
Second Home	4,217,184	–	(3,750,661)	466,523
Heist Studios	2,345,319	2,250,048	(2,784,729)	1,810,638
Popsa	1,000,078	1,399,941	3,326,771	5,726,790

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 17 to 33.

### 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 %
La Bottega (LBID Holdings Limited)		Popsa (Popsa Holdings Limited)	14.1
Bella Freud (Bella Freud Limited)	37.9	Secret Food Tour (Essor Limited)	9.1
Plenish (Plenish Cleanse Limited)	37.7	Floom (Floom Limited)	22.6
Troubadour Goods (Troubadour Goods Limited)	37.2	HotelMap (HotelMap.com Limited)	5.2
Boom Cycle (Boom Spin Limited)	32.1	Stylindex (Stylindex Limited)	6.4
Sourced Market (SP Market Limited)	46.1	Stillking Films UK (2020 Group Limited)	5.0
Chucs Bar & Grill (Chucs Bar & Grill Limited)	29.0	Beryl (SMIDSY Ltd)	4.2
Bella Freud Perfume (Bella Freud Parfum Limited)	22.5	Unbolted (Open Access Finance Ltd)	5.7
Kat Maconie (Kat Maconie Limited)	26.0	Second Home (Second Homes Limited)	3.2
Boat International Media (Boat International Limited)	21.6	Thrive (Thrive Limited)	6.4
Alexa Chung (Alpha Charlie Limited)	23.1	Rubies in the Rubble (Rubies in the Rubble Limited)	3.4
LYMA (Lyma Life Limited)	14.5	Hackney Gelato (Hackney Gelato Limited)	17.4
N is for Nursery (N is for Nursery Limited)	13.4	Pasta Evangelists (Pasta Evangelists Limited)	13.0
ME + EM (ME and EM Limited)	12.8	N is for Nursery (N is for Nursery Limited)	13.4
Heist (Carousel Ventures Limited)	22.7	Kinteract	23.2
KX Gym (KX Group Holding Limited)	11.8	Stitch & Story	16.7
KX U (KX U Limited)	10.3	Roto VR	14.1
PlayerLayer (PlayerLayer Limited)	15.2	Wishi	3.2

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

### 14. Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Prepayments and accrued income	58,349	99,788
Other debtors	742,119	653,068
Short-term loan	1,461,825	1,461,825
	2,262,293	2,214,681

### 15. Creditors: amounts falling due within one year

	2020 £	2019 £
Sundry creditors and accruals	320,083	239,962

# Notes to the Financial Statements continued

## 16. Called up share capital

	No of Ordinary shares*	No of B Ordinary shares**	Total No of shares	Total shares £
Allotted, called-up and fully paid at 1 April 2019:	18,097,588	38,198,001	56,295,589	562,956
Issued during the year	2,360	39,510,177	39,512,537	395,125
At 31 March 2020	18,099,948	77,708,178	95,808,126	958,081

\*Ordinary shares of 1 pence each

\*\*B Ordinary shares of 1 pence each

During the year, the Company issued 2,360 Ordinary shares under the DIS as detailed below:

	No of Ordinary shares	Nominal value £	Consideration received £
Allotted, called up and fully paid:			
Ordinary shares issued on 31 October 2019	2,360	23	3,192

During the year, the Company issued 39,510,177 B Ordinary shares under an offer for subscription and the DIS as detailed below:

	No of B Ordinary shares	Nominal value £	Consideration received £
Allotted, called up and fully paid:			
1 April 2019	3,485,020	34,851	4,035,850
5 April 2019	6,223,959	62,240	7,221,507
16 May 2019	1,132,694	11,327	1,323,876
4 July 2019	3,101,214	31,012	3,646,489
27 September 2019	2,439,535	24,395	2,792,170
31 October 2019 (DIS)	176,327	1,763	190,741
7 November 2019	3,625,117	36,251	4,201,169
16 December 2019	5,860,721	58,607	7,021,856
20 January 2020	3,010,800	30,108	3,610,809
28 February 2020	6,863,308	68,633	8,285,824
20 March 2020	3,591,482	35,915	4,175,452
	39,510,177	395,102	46,505,744

No Ordinary or B Ordinary shares were bought back during the year ended 31 March 2020. The figures in the Statement of Changes in Equity and Cash Flow Statement relate to a transaction in the prior year that settled in this period.

## 17. 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.

Special reserve includes amounts transferred from the share premium account on 26 March 2014. The special reserve is distributable and is mainly used for payment of dividends.

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 2020 there were realised losses of £4,825,619 (2019: £2,856,448 losses) and £14,628,207 of unrealised, non-distributable, gains (2019: £16,205,469).

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

The total distributable reserves of the Company at 31 March 2020 is £5,387,322 (2019: £9,857,659).

## 18. Net asset value per share – unaudited

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

	2020 Net asset values attributable		2019 Net asset values attributable	
	Net assets	Net assets per share (p)	Net assets	Net assets per share (p)
Ordinary shares	20,755,624	114.67	25,023,232	138.27
B Ordinary shares	85,706,405	110.29	42,744,669	111.90

Net asset value per Ordinary share is based on net assets at the year end and on 18,099,948 (2019: 18,097,588) Ordinary shares, being the number of Ordinary shares in issue at the year end.

Net asset value per B Ordinary share is based on net assets at the year end and on 77,708,178 (2019: 38,198,001) B Ordinary shares, being the number of B Ordinary shares in issue at the year end.

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

	2020 £	2019 £
(Loss)/profit before taxation for the year	(3,868,128)	5,826,745
Net (loss)/gain on investments	2,207,262	(6,355,073)
(Increase)/decrease in debtors (excluding share issue proceeds and short-term loans)	(3,475)	59,110
Increase in interest rolled up in fixed income investments	(588,463)	(961,657)
Increase/(decrease) in creditors and accruals (excluding share issue expenses, short-term loans and fixed asset investment balances)	183,298	(196,437)
Net cash outflow from operating activities	2,069,506	(1,627,312)

## 20. 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 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 2020:

	2020		2019	
	Cost £	Fair value £	Cost £	Fair value £
<b>Assets at fair value through profit or loss:</b>				
Equity investments	53,619,958	70,315,660	33,520,281	51,898,252
Loan stock	16,536,491	17,781,467	14,970,143	12,815,115
<b>Assets measured at amortised cost:</b>				
Cash at bank	16,422,692	16,422,692	1,079,815	1,079,815
Other debtors	800,468	800,468	717,445	717,445
Short-term loans	1,461,825	1,461,825	1,461,825	1,461,825
<b>Liabilities measured at amortised cost:</b>				
Creditors	(320,083)	(320,083)	(239,962)	(239,962)
	88,521,351	106,462,029	51,509,547	67,732,490

# Notes to the Financial Statements continued

## 20. 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 83% (2019: 96%) of net assets at the year end.

All financial liabilities are due within one year and 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 and liquidity risk. All assets and liabilities are denominated in pounds 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 & Poor's long-term credit rating of BBB or better. The maximum exposure to credit risk at the balance sheet date was £37,786,346 (2019: £15,903,601).

### 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 £26,429,138 and 27.6p (2019: £9,812,654 and 17.4p) respectively.

A 30% estimate is considered to be an appropriate illustration given historical volatility and market expectations of future performance as well as taking into account the outbreak of COVID-19.

### 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 2020, the Company's financial assets by value, excluding short-term debtors and creditors which are not exposed to interest rate risk, are shown opposite:

## 20. Financial instruments (continued)

Financial assets	£	%	Interest rate	Weighted average interest rate %	Fixed term years
<b>Venture capital investments</b>					
Ordinary shares	71,155,966	66.6	n/a	66.6	n/a
Loan stock	143,270	0.1	Fixed	12.0	5.0
Loan stock	75,945	0.1	Fixed	9.0	5.0
Loan stock	248,033	0.2	Fixed	9.0	5.0
Loan stock	300,000	0.3	Fixed	0.0	5.0
Loan stock	450,000	0.1	Fixed	0.0	5.0
Loan stock	367,644	0.3	Fixed	10.0	5.0
Loan stock	204,296	0.2	Fixed	8.0	5.0
Loan stock	601,041	0.6	Fixed	8.0	5.0
Loan stock	370,187	0.1	Fixed	9.0	5.0
Loan stock	557,233	0.5	Fixed	8.0	5.0
Loan stock	3,344,154	3.1	Fixed	12.0	5.0
Loan stock interest	237,992	0.2	Fixed	n/a	n/a
Loan stock	543,727	0.5	Fixed	5.0	5.0
Loan stock	580,329	0.5	Fixed	5.0	5.0
Loan stock	445,184	0.4	Fixed	4.0	5.0
Loan stock	539,268	0.5	Fixed	5.0	5.0
Loan stock	537,082	0.5	Fixed	5.0	5.0
Loan stock	250,000	0.2	Fixed	2.0	5.0
Loan stock	618,397	0.6	Fixed	6.0	5.0
Loan stock interest	31,233	0.1	Fixed	n/a	n/a
Loan stock interest	24,000	0.1	Fixed	n/a	n/a
Loan stock interest	3,178	0.1	Fixed	n/a	n/a
Loan stock	502,959	0.5	Fixed	8.0	5.0
Loan stock	217,699	0.2	Fixed	10.0	5.0
Loan stock	124,279	0.1	Fixed	12.0	5.0
Loan stock	136,526	0.1	Fixed	12.0	5.0
Loan stock	147,879	0.1	Fixed	10.0	5.0
Loan stock	339,288	0.3	Fixed	10.0	5.0
Loan stock	107,041	0.1	Fixed	10.0	5.0
Loan stock	275,068	0.3	Fixed	10.0	5.0
Loan stock	142,419	0.1	Floating	8.0	5.0
Loan stock	70,409	0.1	Floating	8.0	5.0
Loan stock	253,019	0.2	Fixed	8.0	5.0
Loan stock	269,761	0.3	Fixed	8.0	5.0
Loan stock	296,658	0.3	Fixed	12.0	5.0
Loan stock	285,507	0.3	Fixed	8.0	5.0
Loan stock	266,087	0.2	Fixed	8.0	5.0
Loan stock	212,109	0.2	Fixed	12.0	5.0
Loan stock	798,855	0.7	Fixed	7.0	5.0
Loan stock	773,691	0.7	Fixed	10.0	5.0
Loan stock	658,219	0.6	Fixed	8.0	5.0
Loan stock	652,100	0.6	Fixed	12.0	5.0
Loan stock	553,720	0.5	Fixed	12.0	5.0
Loan stock	585,688	0.5	Fixed	12.0	5.0
Loan stock	595,814	0.6	Fixed	12.0	5.0
Loan stock interest	35,638	0.1	Fixed	n/a	n/a
Loan stock	494,365	0.5	Fixed	8.0	1.0
Bank deposits	16,422,692	1.5	Floating	0.15	n/a
	106,845,649				

# Notes to the Financial Statements continued

## 20. Financial instruments (continued)

It is estimated that, if the floating interest rate fell to 0%, pre-tax profit for the year would fall by 1.61% (2019: 0.04%) 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 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.

## 21. 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.

## 22. Geographical analysis

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

## 23. 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 2020, £1,785,562 was payable to PIM for Investment Manager services of which £29,605 was owed to PIM at the year end (2019: £1,182,063, of which £11,379 was owed at the year end).

The remuneration and shareholdings of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 41.

## 24. Events after the reporting period

### Adjusting event

In June 2020, following the effects of COVID-19 and the restaurant trade having to shut down, Chucs Bar and Grill was unable to successfully complete its fundraising as planned. As such the company had to be rescued by existing shareholders that wished to continue funding the businesses. Under the VCT rules Pembroke is unable to continue to support Chucs Bar & Grill and so was unable to take part in the transaction. It did however roll over its secured debt of £2.2 million as part of the transaction in exchange for a 25% equity stake in the vehicle that was sued to rescue the business. The effect of this transaction is included in the 31 March 2020 valuation for Chucs Bar & Grill.

### Non-adjusting events

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

- The Company has made investments of £3.2 million, including £2.2 million follow-on investments in existing holdings and £1 million in a new investment in ToucanTech.
- 2,899,830 B Ordinary shares were allotted under the B Ordinary share offer on 5 April 2020 raising £3,374,965.
- 758,779 B Ordinary shares were allotted under the B Ordinary share offer on 9 April 2020 raising £857,500.

The Board is recommending final dividends for the year ended 31 March 2020 of 3.0 pence per Ordinary share and 3.0 pence per B Ordinary share payable on 29 October 2020.

# + Corporate Information

## **Directors (all non-executive)**

### **Independent**

Jonathan Simon Djanogly (Chairman)  
Laurence Charles Neil Blackall

### **Non-independent**

David John Till

## **All of the registered office and principal place of business**

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## **Investment Manager**

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## **Company Secretary**

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Edinburgh  
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## **Independent Auditor**

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## **Registrar**

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## **Bankers**

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## **VCT Status Adviser**

Philip Hare & Associates LLP  
Hamilton House  
1 Temple Avenue  
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## **Reporting calendar**

for year ending 31 March 2021

Results announced:

Interim – December 2020

Annual – July 2021







# **Pembroke** VCT plc

3 Cadogan Gate, London SW1X 0AS

Incorporated in England and Wales  
with registered number 08307631