Amati AIM VCT plc

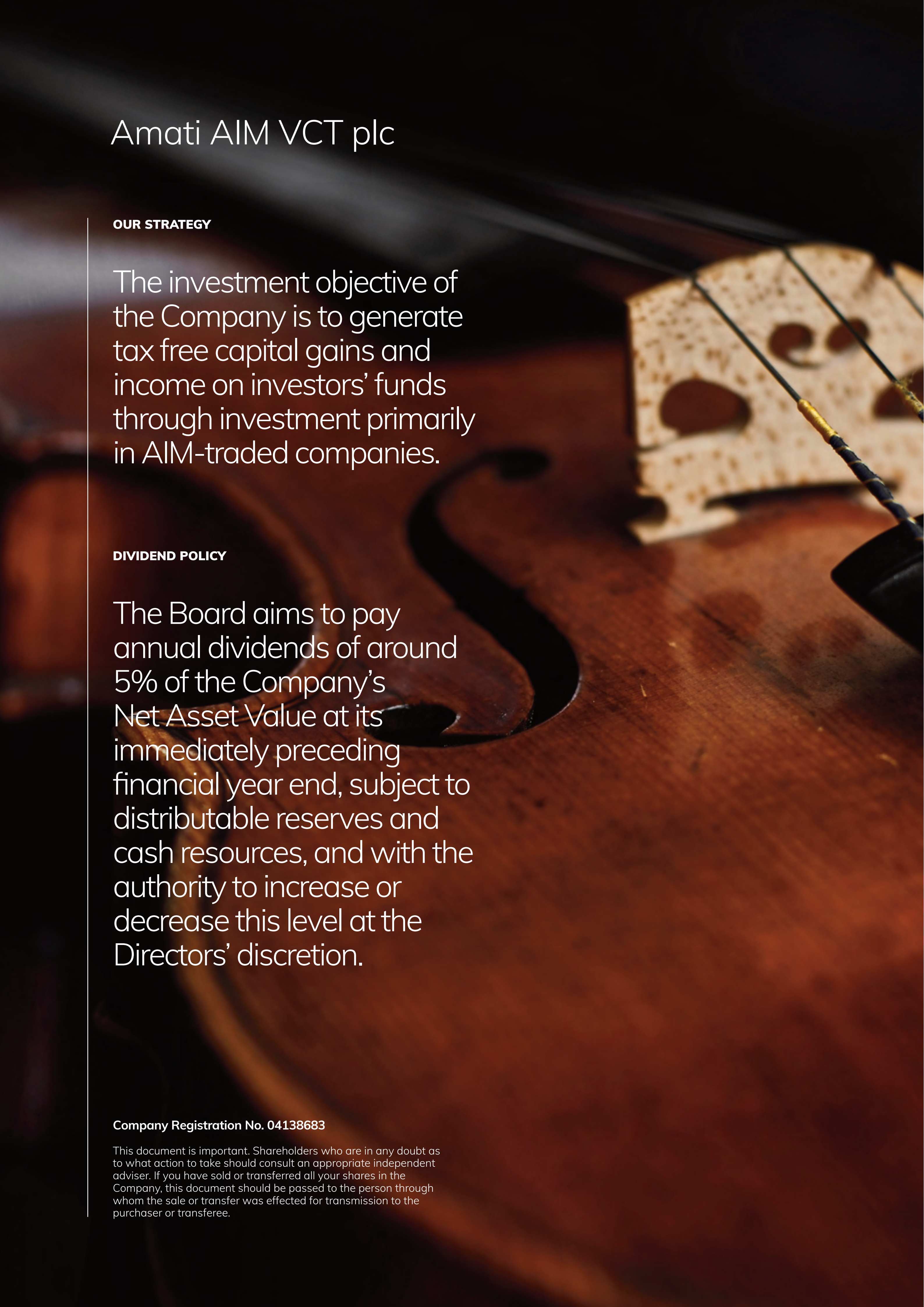
Annual Report & Financial Statements

For the year ended 31 January 2022

Company Registration No. 04138683

Amati
Global Investors

Finely crafted investments



Amati AIM VCT plc

OUR STRATEGY

The investment objective of the Company is to generate tax free capital gains and income on investors' funds through investment primarily in AIM-traded companies.

DIVIDEND POLICY

The Board aims to pay annual dividends of around 5% of the Company's Net Asset Value at its immediately preceding financial year end, subject to distributable reserves and cash resources, and with the authority to increase or decrease this level at the Directors' discretion.

Company Registration No. 04138683

This document is important. Shareholders who are in any doubt as to what action to take should consult an appropriate independent adviser. If you have sold or transferred all your shares in the Company, this document should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Highlights

For the year ended 31 January 2022

NAV Total return for the year

-7.5%

(2021: +38.9%)

Year end Net Asset Value per share

180.7p

(2021: 206.1p)

£31.3m

invested in qualifying holdings during the year

(2021: £16.0m)

£65m

The prospectus offer launched in July 2021 raised £65m by close of the offer in February 2022

Key data

	31/01/22	31/01/21
Net Asset Value ("NAV")	**£247.1m**	£238.3m
Shares in issue	**136,720,797**	115,589,550
NAV per share†	**180.7p**	206.1p
Share price	**166.5p**	190.5p
Market capitalisation	**£227.6m**	£220.2m
Share price discount to NAV†	**7.9%**	7.6%
NAV Total Return for the year (assuming re-invested dividends)†	**-7.5%**	38.9%
Numis Alternative Markets Total Return Index*	**-3.5%**	20.5%
Ongoing charges**†	**1.9%**	2.1%
Dividends paid and declared in respect of the year	**9.0p**	10.5p

* Numis Alternative Markets Index is included as a benchmark for performance as this index includes all companies listed on qualifying UK alternative markets.

** Ongoing charges calculated in accordance with the Association of Investment Companies' ("AIC's") guidance.

† See Alternative Performance Measures on pages 77 and 78.

Highlights

Table of investor returns

to 31 January 2022

From	Date	NAV Total Return with dividends re-invested	Numis Alternative Markets Total Return Index
NAV following re-launch of the VCT under management of Amati Global Investors ("Amati")	9 November 2011*	208.0%	65.2%
NAV following appointment of Amati as Manager of the VCT, which was known as ViCTory VCT at the time	25 March 2010	223.1%	69.8%

* Date of the share capital reconstruction when the NAV was rebased to approximately 100p per share.
A table of historic returns is included on page 76.

Dividends paid and declared

↓ **14.3%**

2022 total dividends per share

9.0p

5.0% of NAV

Cumulative dividends per share

85.74p

Dividend history

Since the re-launch of the VCT under the management of Amati Global Investors*

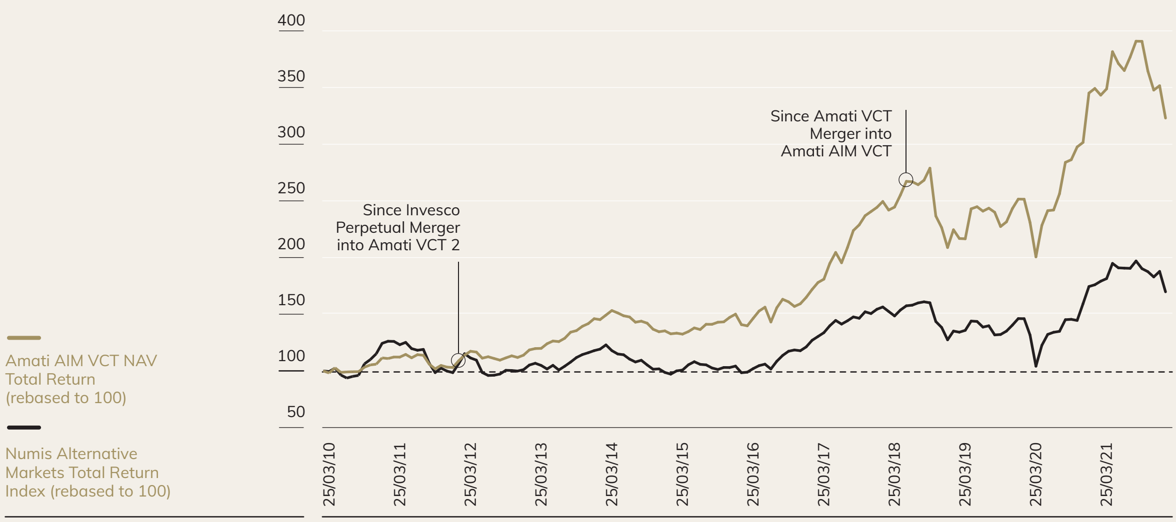
Year ended 31 January	Total dividends per share** p	Cumulative dividends per share p
2011	4.74	4.74
2012	5.50	10.24
2013	6.00	16.24
2014	6.75	22.99
2015	6.25	29.24
2016	6.25	35.49
2017	7.00	42.49
2018	8.50	50.99
2019	7.50	58.49
2020	7.75	66.24
2021	10.50	76.74
2022	**9.00**	**85.74**

* On 25 March 2010 Amati Global Investors were appointed as Manager of ViCTory VCT. On 8 November 2011 Invesco Perpetual AIM VCT merged with ViCTory VCT and the name was changed to Amati VCT 2. On 4 May 2018 the Company merged with Amati VCT and the name was changed to Amati AIM VCT.

** Total dividends per share are the declared dividends of the financial year.

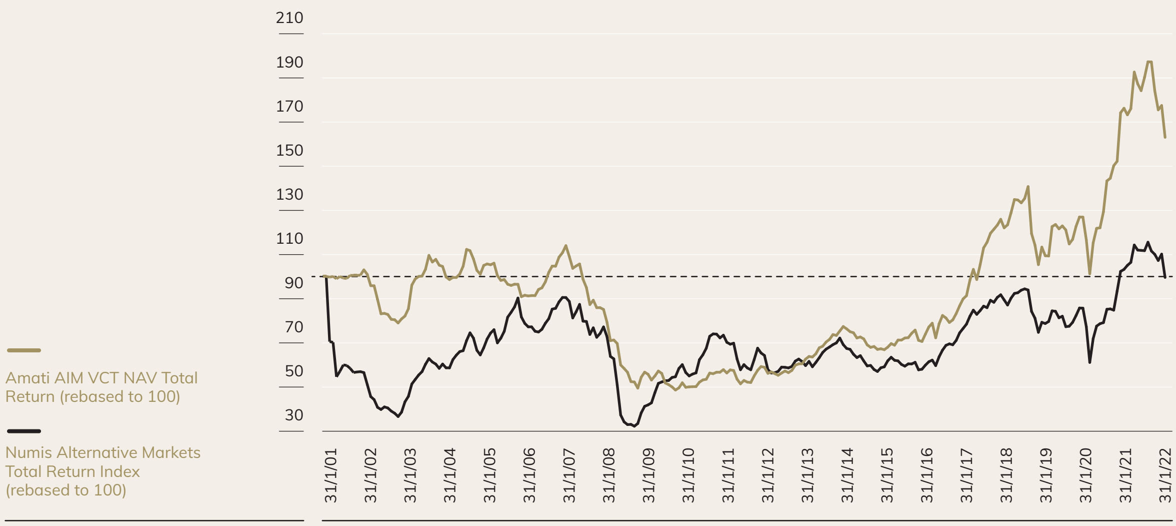
Fund performance

Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from change of Manager on 19 March 2010 (first Net Asset Value calculated on 25 March 2010) to 31 January 2022



Historic performance

Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from inception of fund to 31 January 2022



Strategic Report
Chairman's Statement

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

Peter A. Lawrence
Chairman

Overview and Investment Performance

Following a rise of almost 8% in the first half of the year, the performance of the portfolio fell away in the second half to close the year down 7.5%, on a NAV total return basis. Some of this fall was for company specific reasons, in particular Polarean Imaging and Frontier Developments, while some was due to a sharp deterioration in sentiment. This stemmed from inflation rising to much higher levels than forecast by central banks, bringing with it the prospect of higher interest rates, rising bond yields and the withdrawal of liquidity through the ending of quantitative easing. This has led to some significant de-ratings of many growth companies. On top of this, there was the deepening crisis caused by Russia's military build-up around Ukraine.

The Company made twelve new qualifying investments during the year. Having invested £19.7m in the first half, a total of £31.3m was invested across the year as a whole. Six of the new investments come under the broad category of environmental technology, being companies providing technologies, products and services which will help enable, in a myriad of different ways, both energy transition away from oil and gas and the reduction of greenhouse gas emissions. With high levels of capital being deployed to this end around the world, these are competitive areas. However, with such big changes to every aspect of our economy being required over the next 30 years to reach net zero emissions there are also abundant opportunities for new technology to be developed and commercialised and the UK provides fertile ground in which to create such companies. Healthcare also remained well represented amongst our new investments, with software and training companies also featuring. Fuller details of the new investments and of investment performance are given in the Manager's Review which follows.

Corporate Developments

The Board announced in April that it intended to launch a Prospectus Offer (the "Offer"). This opened on 30 July seeking to raise up to £40m with an over-allotment facility to raise up to a further £25m. This Offer saw strong demand and the initial £40m was raised after only four business days. On 15 December 2021, the Board announced that, as the Company had continued to identify attractive investment opportunities and having considered the current rate of investment activity, it intended to utilise the over-allotment facility of £25m and re-open the Offer in February 2022. This was confirmed by the Board in its announcement on 14 February this year, with the Offer re-opening on 16 February and closing on 21 February, having been fully subscribed.

Ahead of its new financial year, the Board took the decision to transfer its company secretarial services. LDC Nominee Secretary Limited, part of The Law Debenture Corporation p.l.c. ("Law Debenture") was appointed as Company Secretary on 1 February 2022. Contact details for Law Debenture are set out at page 85 of this report.

At the AGM this year, shareholders are being asked to vote on a resolution to cancel the entire amount standing to the credit of the Company's share premium account as at the date the relevant Court order is made. Subject to confirmation by the High Court of Justice in London and the reduction in capital taking effect, the amount so cancelled will be credited to the Company's distributable reserves. This will improve the Company's distributable reserves position and will provide the Company with flexibility to support, amongst other things, share buy-backs and the payment of dividends or other distributions to shareholders in the future. Shareholders were last asked to approve such a resolution in 2018.

Dividend

The Board aims to pay annual dividends of around 5% of the Company's Net Asset Value at its immediately preceding financial year end, subject to the Company's distributable reserves and cash resources, and with the authority to increase or decrease this level at the Directors' discretion.

As at 31 January 2022 the net asset value was 180.7p. In line with this, the Board is proposing a final dividend of 4.5p per share, to be paid on 22 July 2022 to shareholders on the register on 17 June 2022. When added to the interim dividend of 4.5p per share, this would make total dividends for the year 9.0p per share, which is 5.0% of year end NAV.

The Board would like to remind shareholders about the Dividend Re-investment Scheme ("DRIS"). This allows shareholders to use their dividends to buy new shares issued by the Company on the dividend payment date priced at the most recently published NAV per share. Shares issued by the DRIS, being new shares, have the same tax benefits as shares bought in our standard share offers. The only difference is that they do not have to meet the requirement to be bought more than six months before or after any share sales, so income tax relief can be claimed on them at 30% of the subscription value regardless of any share sales made, provided that the other standard tests are met, such as not investing more than £200,000 in VCT shares in any one tax year, whether through an Offer or on the market. If you wish to join the DRIS please contact the Company's registrar.

Annual General Meeting ("AGM")

The AGM this year will be held at Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL starting at 2pm on Thursday 16 June 2022. This will be followed by presentations from the Manager and investee companies, and the Amati Guildhall Creative Entrepreneurs Award. Details are being sent to you with this report.

The Notice of AGM is set out on pages 79 to 84 of this report.

At the date of this report, there are no UK Government imposed restrictions in connection with the Covid-19 pandemic on the holding of public gatherings that would affect the holding of the AGM in London. However, the situation relating to Covid-19 is constantly evolving and the UK Government may re-impose restrictions in connection with Covid-19 and/or implement further measures that affect the holding of shareholder meetings. Accordingly, it is possible that at the date of the AGM measures may be in place that would restrict attendance at the AGM.

The Board recognises that the Company's AGM represents an important forum for shareholders to put questions to the Directors, to express their views on governance and to become fully informed about matters relating to the AGM resolutions. It understands that attending in person may not be possible for all shareholders who wish to attend. Therefore, the Company intends to also make available a live stream facility to allow shareholders to watch and listen to the AGM and the investor event which follows. If shareholders wish to use this facility please register your interest by emailing info@amatiglobal.com and shortly ahead of the event the Company's Manager will post a link and instructions on how to join the event on its homepage at www.amatiglobal.com. Shareholders watching the AGM will not be counted towards the quorum of the meeting and will not be able to participate in the formal business of the meeting, including asking questions and voting on the day.

The Board encourages shareholders to engage with the Board and the Company's Manager. In addition to asking questions at the AGM, shareholders can email any questions they may have either on the business of the AGM or the portfolio to info@amatiglobal.com by 10 June 2022. The Company's Manager will publish questions together with answers on the page dedicated to the AGM on the Manager's website prior to the AGM being held. The Company's Manager will reply to any individual shareholder questions submitted by the deadline of 10 June 2022, before the AGM.

The Board also encourages shareholders to exercise their votes in advance of the meeting. Shareholders are advised to vote through the Company Registrar's online voting facility (details of which can be found at page 82 of this Report) or by form of proxy. Shareholders who hold their shares through an investment platform or other nominee service are also encouraged to contact their investment platform or other nominee service as soon as possible to arrange for votes to be lodged on their behalf.

Board Changes

In 2005, I was invited to join the board of Amati VCT plc at its foundation, when it was then, First State Investments AIM VCT plc, going on to chair first Amati VCT plc and then the Company after the merger with Amati VCT plc in 2018. Since its creation, I have seen the Company grow and develop to its current size and success. I shall be retiring from the Board after this year's AGM and I would like to thank all of my board colleagues, past and present and the Company's Manager, for their support and hard work throughout my tenure. After six years on the board, Susannah Nicklin also intends to retire from the board before the end of this year to devote more time to other interests and recent appointments.

During the year we appointed Fiona Wollocombe to the board with a view to addressing the board's succession plans and I am delighted that she has agreed to take over as Chair. With her experience of VCTs and the investment sector, I am confident that I leave your board and the Company in the best of hands. It has been a privilege to have played a part in the evolution of our VCT.

Outlook

Since the aggressive attack by Russia on the Ukraine, we have experienced extreme investor sentiments which have led to a dramatic fall in the FT Indices after our year end. Our well-balanced portfolio has not been immune to derating along with the market, even for those companies with high elements of service and technical expertise. With inflation, interest rates and energy prices rising, there are ongoing headwinds. Our portfolio contains a diverse range of well-resourced companies, mostly with high barriers to entry derived from intellectual property and specialist skills. It also consists of both early-stage companies with good cash resources addressing potentially large markets and, where we have held investments for longer periods, maturing businesses with typically low levels of debt. Most of these businesses should be well placed to perform in more difficult economic conditions. It is in the nature of VCT investing that if we exit positions in more mature companies we cannot buy them back again because they would no longer fit the qualifying VCT criteria, so we have a strong incentive to be long term investors. This has proven to be beneficial over the years. It might be expected that the more challenging market conditions allow us to make new investments at lower valuations, and we anticipate having opportunities to take this advantage and deploy our recently raised funds during the course of 2022.

We all hope for peace soon.

Peter A. Lawrence
Chairman

12 April 2022

For any matters relating to your shareholding in the Company, dividend payments, or the Dividend Re-investment Scheme, please contact The City Partnership (UK) Ltd on 01484 240 910, or by email at amativct@city.uk.com.

For any other matters please contact Amati Global Investors on 0131 503 9115 or by email at info@amatiglobal.com. Amati maintains an informative website for the Company – www.amatiglobal.com – on which monthly investment updates, performance information, and past company reports can be found.

Fund Manager's Review

Market Review

During the year under review, some light finally began to appear at the end of the Covid tunnel, with the global rollout of vaccination programmes now leading to greatly reduced rates of hospitalisations and deaths in most countries. Hopefully, we can now look towards a future with limited fear of further lockdowns and gradually falling levels of restrictions.

Despite this clear evidence of progress on the pandemic, it has been a mixed year for equity markets, with the strong returns reported in the first half unwinding during the second half. Investors are now focusing heavily on geo-political and economic factors which gave increasing cause for concern as we entered 2022. This has come at a time when equity valuations look stretched compared to history, especially in the US. In turn, this has led to market sentiment changing, with high growth sectors such as healthcare and technology seeing material profit taking, whilst out-of-favour sectors including oil and gas, mining and banking, have enjoyed a return to form after a number of fallow years.

The ever increasing build-up of Russian troops and armaments around the Russian-controlled borders of Ukraine became an ever more worrying development during the year. Relatively few commentators saw this as the pre-cursor to an all-out invasion of the kind that took place on 24 February 2022, but the level of geo-political risk was rising throughout the period.

The extraordinary level of quantitative easing to support pandemic policies during 2020 and 2021 has meant that we are now in an era of higher inflation and an upward trajectory to interest rates. Inflation rose to levels the likes of which younger investors will not have seen in their careers. Markets are increasingly coming to the view that inflation may be with us for some time. It is hard to escape the conclusion that central banks and finance ministers miscalculated in creating as much liquidity as they did in 2020 and 2021. Towards the end of 2021, we saw dramatic increases in global energy costs, led by rising oil and gas prices, leaving questions about ongoing energy security, particularly in the EU, but the UK has also paid little attention to this in recent years. This comes against ongoing and costly commitments to deliver reduced carbon levels post the COP26 conference.

Moving closer to home, it has been a disappointing year for AIM investors with the Numis Alternative Markets Total Return Index falling by 3.5%. This was materially below both the Numis Smaller Companies (plus AIM excluding Investment Companies) Index which rose by 11.6%, and the Numis Large Cap index which rose by 19.5%. The recent increases we have seen in bond yields and interest rate expectations have led to a more difficult environment for the valuation of early-stage companies in general. However, UK asset prices remain modest by international standards and the derating we have seen over the past few months has brought valuations back in line with longer term norms.

Performance

The VCT's NAV Total Return for the period was -7.5%. This underperformed the benchmark Numis Alternative Markets Total Return Index, which returned -3.5%.

After rising 7.9% in the first half, the tone of the market became increasingly negative in the second half of the year. In addition, a couple of the previously best performing investments in the portfolio hit some specific issues.

Saietta, which was bought as pre-IPO investment and then added to at the point of IPO, was the biggest positive contributor to performance during the period. Other recent IPOs such as **Northcoders** and **Arecor Therapeutics** have also done well, with more detail in the section on Portfolio Activity below. Corporate activity also boosted performance. **Universe** was acquired by Professional Data Solutions at a 129% premium, and Xplorer Capital Growth acquired **CloudCall** at a 76% premium. **Water Intelligence,** the water leak detection company predominantly operating via franchisees in the US, was also a significant contributor, rising by 73%. Earnings have grown rapidly over the last few years, as the company has been acquiring underperforming franchises to operate directly. It has also successfully developed a national sales channel to sell to insurers. **Accesso Technology**, a global leader in online ticketing and electronic queuing systems, rose by 83% after the company saw earnings upgrades as its customers made greater use of its products once lockdowns began to ease. **Angle**, the maker of Parsortix, a device which can isolate circulating tumour cells in blood samples for analysis, having raised £20m in July, rose strongly over the year, as did **SRT Marine Systems** as

"The companies in which the VCT invests are typically rich in intellectual property and specialist know-how, focused on products and services which are important to customers, and therefore should be able to maintain pricing power against an inflationary backdrop."

the company finally delivered on some contract wins, after several delays, exacerbated by Covid.

Frontier Developments, the video games developer, was the biggest negative contributor in the period, falling by 56%. The company's launch of *Jurassic World Evolution* 2 ("*JWE2*") undershot expectations, which had been set high. Whilst the launch was smooth and glitch-free, the game was released into a crowded Thanksgiving schedule, as several launches that had been delayed by Covid came to market at the same time. Additionally, *JWE2* did not have the support of a concurrent cinema release, as the next instalment in the franchise has been pushed to June 2022. Revenues were also lower than expected from *Elite Dangerous: Odyssey* after the gameplay of the new release did not work well across different devices. The console release was also delayed. We are confident that Frontier remains a world-class video games developer, and the company continues to broaden its portfolio of games, creating a more diversified business. Nonetheless, developing video games always carries a degree of risk and unpredictability. **Tristel** fell by 29%, as further outbreaks of Covid reduced the number of elective surgeries taking place and consequently it sold fewer kits for sterilising surgical equipment.

Polarean Imaging ("Polarean"), which had risen strongly in the first half of the year, then fell sharply from its high of 110p in October 2021. The U.S. Food and Drug Administration ("FDA") responded to its application for approval of its medical device with a Complete Response Letter ("CRL") as they had additional questions about the submission. This was unexpected. We believe it was part of a wider phenomenon in 2021, where the FDA had devoted so much time to Covid related approvals, with reduced underlying capacity due to working from home and self-isolation, that it pushed approvals back using whatever means it could, using a CRL or just by responding later than the normal regulatory timetable specified. We had sold around 1m shares ahead of the approval, but this did not alter the fact that as Polarean was our largest holding, the fall had a big impact on the Fund's NAV. On the positive side, a recent study in Oxford has shown that Polarean's device can play a key role in diagnosing long Covid where this is caused by lung impairment.

Portfolio Activity

The Company made twelve new investments and two follow-on investments during the period. The new investments comprised eight Initial Public Offerings ("IPO"), one secondary placing, and three pre-IPO investments. The pre-IPO investments and several of the IPOs we took part in are focused on environmental technologies, or in other words, bringing new technologies to market which are important to the goal of reducing greenhouse gas emissions. The pre-IPO investments all took the form of convertible loans with a small amount of equity investment.

Pre-IPO Investments

In March, prior to its flotation, we invested an initial £2.6m in **Saietta**, which had developed a novel design for an axial flux electric motor. These motors have advantages over competitors in terms of torque density, power efficiency and low cost of manufacture. The first market to be targeted is for outboard motors in Europe, where the company has launched its first products under the brand Propel. The longer-term targets are the light motorbike market (125cc) in Asia, where countries are trying to improve air quality, and reduce pollution and carbon emissions, and also delivery and commercial vehicles and high-performance cars. When the company floated in June, we invested a further £2.5m, and the shares have performed strongly since then. In November, the company acquired the Dutch electric bus drive train designer and manufacturer, e-Traction, for very limited consideration in a distressed sale by Evergrande. This added a new engineering team, a range of patent protected designs, capability around inverter design, a European operating base, and an existing customer base for electric bus drive trains.

We invested £2m in **EleXsys Energy** in September. The company uses innovative technology to allow clean energy producers to feed multiple times more energy back into existing electricity distribution grids, and turns current one-way grids into two-way smart grids, without requiring significant spend on infrastructure or equipment. We invested £3m in **Flylogix** in November. Flylogix has developed remotely piloted small fixed-wing aircraft that can be used for monitoring purposes in remote locations at sea. Its initial focus is on the measurement of methane emissions from oil and gas infrastructure in the North Sea, but is expanding this service to other geographies, led by customer demand. It is also looking to enter the market for bird and mammal surveys for prospective wind farms around the UK. Remotely piloted aviation is safer, cheaper and has a much reduced carbon footprint versus conventional aviation. There are several demand drivers and applications worldwide for its technology, which has brought together smart software, 4G and satellite communications, and low-cost electronics to develop a new generation of smaller, more efficient aircraft.

IPO Investments

We supported three new healthcare IPOs. In May we invested £1.9m in **Arecor Therapeutics**, a drug development services company, which uses its Arestat platform to enhance the formulation of drugs to improve their therapeutic properties. Arecor has an impressive list of pharma, generic and biotech clients as well as potential significant upside from an internally developed pipeline of clinical programmes and has performed well since float. In the same month we invested £0.7m in **Trellus Health**, whose software platform provides expert personalised care for the treatment of Inflammatory Bowel Disease and other complex chronic conditions, aiming to cut healthcare costs by reducing hospital admissions and tailoring care to the individual patient to improve their resilience in the face of their symptoms. In December we invested £3.6m in **Aptamer**. The company develops affinity ligands, which are biological molecules that bind other molecules, in the way that antibodies do for example. Aptamers are very small in comparison, and their attributes offer benefits to cost, manufacturing and likelihood of binding. The company works with 75% of the world's top 20 pharma companies with repeat custom. Clients use Aptamers across healthcare applications, such as therapeutic delivery, purification, diagnostics and bioprocessing.

Three of the eight IPO investments added to our portfolio of software, training and ecommerce companies. In May we invested £3m in **Glantus**, which had developed software to automate the process of checking and auditing Accounts Payable items for large corporate customers. This is a function in the past that has often been taken on by specialist consultants. Glantus has acquired two such consultancy businesses, allowing it to gain from the efficiency that the software can bring, whilst broadening its customer reach. This is a competitive area, but one in which Glantus has a broad product set and customer base, with low levels of churn. In March we invested £1.7m in **In the Style**, an ecommerce retailer specialising in providing inclusive clothing collections by social media influencers. Sales have grown strongly during the pandemic, but supply chain issues brought margins down to hardly breakeven. After some disappointments, a change of management has seen the founder replaced as CEO, bringing in a more experienced pair of hands. Lastly, in July we invested £1.8m in **Northcoders**, which provides training to IT novices and junior software engineers. There continues to be an acute shortage of coders, programmers, and developers in the UK. Recently the company has expanded into providing apprenticeship courses. Northcoders' student numbers and revenues took an inevitable hit in 2020 from the impact of the pandemic, but the company reacted quickly and within six months it was able to transition its onsite offering into on-line courses. It can now offer a full range of onsite and hybrid-online content from its technology-based teaching platform. This operational leverage will drive EBITDA margins to more than 30%, and the IPO funds will enable the company to expand to new locations.

The remaining two IPOs were in buildings related products - and services which are coming to the fore for environmental reasons; we invested £0.75m in **Zenova** in July and £1.95m in **Eneraqua** in November. Zenova has developed an intriguing array of new fire safety, thermal insulation, and temperature management technologies in the form of paints, renders and sprays. The remarkable features of these products can be seen in demo videos on the company's website. Due to the early stage of the business, we made a small investment but with a right to subscribe for a further 6,578,947 shares up to 9 months after the IPO. Eneraqua designs and installs energy and water systems for large buildings in both the public and private sectors, involving ground and air source heat pumps. It has a patented device which overcomes variable mains pressure to provide constant water flow. This reduces water consumption which in turn reduces heating requirements and system costs. It is working with three utility companies and 28 local authorities and housing associations, on both new and replacement systems.

Secondary Placings and Follow-On Investments

In March, we invested £1.7m in another new holding, **GeTech**, through a secondary placing. GeTech's core business is based around its geoscience and geospatial database and software products. Historically, these have been sold principally to oil and gas and mining customers. In addition to detailed geological and gravity mapping, GeTech's data can show how the geology of any given location has been formed. Over the past few years, the company has focused on diversifying its revenue streams, applying its data sets to water, transportation, nuclear, pipeline and electricity infrastructure sectors. In 2021 it bought the rights to acquire H2 Green, a company developing UK sites as hydrogen hubs for industrial use, and the placing was used to fund the development of these projects.

Follow-on investments over the year included £1.5m in **CloudCall**, the online consumer privacy and security software provider, which was subsequently bid for; £1m in **Velocys**, which is focused on technology for creating Sustainable Aviation Fuel from waste; and £1.3m in **Polarean** as part of a $25m total fundraise - the bulk of this was to enable the company to build sales and marketing capability ahead of anticipated FDA approval (which has since been delayed) as well as additional trials, EU expansion, and further R&D expenditure.

On the sell side, we took significant profits in **Ilika**, which had performed very strongly since our follow-on investment in 2020 and reduced holdings in **Eden Research**, **Rua Life Sciences**, **Synairgen** and **Falanx**.

Outlook

The outlook is overshadowed by the ongoing Russian invasion of Ukraine, which beyond creating countless human tragedies, weakens global stability significantly. With this act, Russia has done something that many in the West would have believed unthinkable, although, in reality, it has taken the pathway towards ever increasing aggression and willingness to use massive military force beyond its borders step-by-step over the last decade. In no small part, Russia's ability to become such a threat has been enabled through the vast income generated from sales of oil and gas to Europe. It is a classic case of the natural resources curse in action, as described eloquently in Leif Wenar's book, "Blood Oil: Tyrants, Violence, and the Rules that Run the World", written in 2016. The external oil and gas revenues coming to resource cursed countries in which a dictator has established absolute power with whatever level of violence is required, leads to a vicious circle in which the regime in power has no interest in cultivating civil society at home, because they can obtain vast wealth from abroad as long as any local opposition is suppressed. Wenar uses a poignant word taken from CIA circles to describe the consequences of Western powers choosing to ignore this phenomenon – "blowback". Unfortunately, this only stops when the regime changes or the natural resource revenues cease. With Russia owning close to a quarter of the world's natural gas reserves this is a big problem. Even a sea-change in mindset cannot suddenly provide a way out of European dependence on Russian gas; that will take 3-5 years or more.

This has served as a sharp reminder of just how much we still depend on oil and gas as crucial sources of energy, however much we might wish that this was not the case. This can't be changed simply by cutting supply, it can only be changed by changing the structure of demand. This in turn acts as a reminder of just how much there is to do to bring about the energy transition towards carbon-free alternatives. Step one of this transition is to avoid war and promote international co-operation, a step which now looks much more difficult to achieve. Step two is to develop the technologies to enable de-carbonisation, and that is an area we have been actively supporting through portfolio investments.

The companies in which the VCT invests are typically rich in intellectual property and specialist know-how, focused on products and services which are important to customers, and therefore should be able to maintain pricing power against an inflationary backdrop. However rising interest rates and the withdrawal of quantitative easing will continue to keep stock market ratings under pressure, so returns will need to come from positive earnings growth over the coming years, and we remain optimistic that the majority of portfolio companies should be well placed for this.

Dr Paul Jourdan, David Stevenson, Anna Macdonald and Scott McKenzie
Amati Global Investors

12 April 2022

Fund Manager Biographies

Amati Global Investors

Amati Global Investors is a specialist fund management business based in Edinburgh. It focuses on UK small and mid-sized companies, with a universe ranging from fully listed constituents of the FTSE Mid 250 and FTSE Small Cap indices, to stocks quoted on the Alternative Investment Market. It was Highly Commended in Investment Week's Fund Manager of the Year Awards 2021. It is the manager of Amati AIM VCT (for which it won the 2021 Investment Week award for AIM quoted VCT of the Year), the TB Amati UK Smaller Companies Fund, the TB Amati Strategic Metals Fund, and it also offers an AIM IHT portfolio service. It is incorporated in Scotland and 51% owned by its staff, and 49% owned by Mattioli Woods plc, which invested in the company in February 2017. Amati Global Investors was a Tier 1 signatory to the 2012 UK Stewardship Code and in March 2022 has been accepted as a signatory to the 2020 UK Stewardship Code. Amati is also a signatory to the UN-supported Principles for Responsible Investment (PRI).

Amati
Global Investors

Paul Jourdan
Founder and CEO

Dr Paul Jourdan is an award winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory where he gained experience in UK, emerging market and global equities. In 2000, Stewart Ivory was taken over by First State and Paul became manager of what is now TB Amati UK Smaller Companies Fund. In early 2005, he launched Amati VCT and then also became manager of Amati VCT 2 plc after the investment management contract moved to Amati Global Investors in 2010. In September 2014 Amati launched the Amati AIM IHT Portfolio Service, which Paul co-manages with David Stevenson, Anna Macdonald and Scott McKenzie. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He is a CFA Charterholder, CEO and a director of Amati and a trustee of Clean Trade, a charity registered in England and Wales.

Fund Manager Biographies (continued)

David Stevenson
Fund Manager

David Stevenson joined Amati in 2012. In 2005 he was a co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. Prior to that he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile for the 5 year period from inception to 2005. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin Fund Managers. David has co-managed both the TB Amati UK Smaller Companies Fund and Amati AIM VCT since 2012 and the Amati AIM IHT Portfolio Service since 2014.

Anna Macdonald
Fund Manager

Anna Macdonald is an experienced fund manager specialising in UK equities. Anna began her career as an analyst and fund manager at Henderson Global Investors in London, where she co-managed the core enhanced UK equity product, and the UK Equity Market Neutral hedge fund. At Henderson she was an analyst on the media sector. After some time living in Kenya, as head of research for Old Mutual Asset Management, she returned to the UK and worked at Threadneedle Investors in London before moving to Edinburgh. Anna joined the Amati team in 2018 from Adam and Company, where she led research for the PAM-award winning wealth manager. She brings her expertise running the successful AIM-listed portfolio service to Amati as well as a breadth of experience in managing substantial OEICs, private client and charity portfolios. She has been a CFA Charterholder since 2003.

Scott McKenzie
Fund Manager

Scott McKenzie joined Amati in April 2021 and has over 25 years of experience managing UK equity portfolios. His career began in Glasgow at Britannia IM in the early 90s before moving to London with Aviva Investors in 1999. He returned to Scotland in 2005, joining Martin Currie where he remained until 2009. After a period running his own private businesses, he joined Saracen Fund Managers in 2014 where he launched the TB Saracen UK Income fund and also became manager of the TB Saracen UK Alpha fund. He left Saracen in March 2021 having led both funds to top quartile rankings in their sector.

Investment Portfolio
as at 31 January 2022

Company name	Original Amati VCT bookcost at 4 May 2018# £'000	Cost* £'000	Aggregate Cost** £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	FTSE Sector	Dividend Yield[NTM] %	% of net assets
TB Amati UK Smaller Companies Fund	3,331	6,261	9,592	15,387	62	-	Financials	1.2	6.2
Polarean Imaging plc[1]	-	5,218	5,218	14,566	(2,637)	121.5	Health Care	0.0	5.9
Keywords Studios plc[1]	323	4,851	5,174	12,808	(1,057)	1,923.3	Information Technology	0.1	5.2
Ideagen plc[2]	565	2,738	3,303	12,612	(952)	778.3	Information Technology	0.2	5.1
Learning Technologies Group plc[1]	780	3,771	4,551	11,530	186	1,315.5	Information Technology	1.0	4.7
Saietta Group plc[1,3]	-	5,100	5,100	11,265	6,165	178.6	Consumer Discretionary	0.0	4.5
Frontier Developments plc[1]	341	4,357	4,698	8,628	(11,040)	545.2	Communication Services	0.0	3.5
Tristel plc[2]	542	2,747	3,289	7,560	(3,135)	193.5	Health Care	1.9	3.1
GB Group plc[2,3]	236	2,967	3,203	7,404	(2,243)	1,650.7	Information Technology	0.8	3.0
Water Intelligence plc[2]	180	1,038	1,218	6,925	2,933	147.6	Industrials	0.0	2.8
Largest ten investments			**45,346**	**108,685**					**44.0**
AB Dynamics plc[1]	209	2,370	2,579	6,625	(1,954)	333.7	Industrials	0.4	2.7
Diurnal Group plc[1]	732	3,508	4,240	5,130	(570)	91.3	Health Care	0.0	2.1
MaxCyte Inc.[1]	449	1,535	1,984	4,552	(1,965)	459.5	Health Care	0.0	1.8
Craneware plc[2,3]	298	3,601	3,899	4,189	(537)	692.8	Health Care	1.8	1.7
Aptamer Group plc[1]	-	3,677	3,677	4,085	408	89.6	Health Care	0.0	1.7
Anpario plc[2]	276	1,553	1,829	3,786	196	134.8	Health Care	1.7	1.5
Angle plc[1]	-	1,615	1,615	3,618	989	263.4	Health Care	0.0	1.5
Velocys plc[1]	-	2,248	2,248	3,439	(552)	88.8	Energy	0.0	1.4
Sosandar plc[1]	-	1,872	1,872	3,245	1,529	57.6	Consumer Discretionary	0.0	1.3
Northcoders Group plc[1]	-	1,800	1,800	3,040	1,240	21.1	Consumer Discretionary	0.0	1.2
Largest twenty investments			**71,089**	**150,394**					**60.9**

Investment Portfolio (continued)

Company name	Original Amati VCT bookcost at 4 May 2018# £'000	Cost* £'000	Aggregate Cost** £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	FTSE Sector	Dividend Yield[NTM] %	% of net assets
Flylogix Limited Ordinary shares & 10% Convertible loan notes [1,4]	-	3,000	3,000	3,000	-	-	Information Technology	0.0	1.2
Arecor Therapeutics plc[1]	-	1,900	1,900	2,943	1,042	97.4	Health Care	0.0	1.2
Amryt Pharma plc ADR [1,3]	-	1,607	1,607	2,135	528	646.7	Health Care	0.0	0.9
Amryt Pharma plc Contingent Value Rights ("CVRs")[3]	-	-	-	711	(21)	-	Health Care	0.0	0.3
Quixant plc[2]	419	3,777	4,196	2,684	418	102.3	Consumer Discretionary	1.0	1.1
Ilika plc[1]	131	646	777	2,677	(1,830)	219.6	Industrials	0.0	1.1
Synairgen plc[1]	-	478	478	2,639	467	388.8	Health Care	0.0	1.1
Glantus Holdings plc[1]	-	3,000	3,000	2,500	(500)	32.2	Financials	0.0	1.0
Intelligent Ultrasound plc[1]	-	1,625	1,625	2,460	238	42.0	Health Care	0.0	1.0
Ixico plc[1]	-	1,409	1,409	2,415	(1,711)	23.1	Health Care	0.0	1.0
Brooks Macdonald Group plc[2]	-	1,154	1,154	2,289	622	411.2	Financials	3.4	0.9
Getech Group plc[1]	-	1,700	1,700	2,272	572	19.7	Energy	0.0	0.9
Solid State plc[2]	259	261	520	2,192	889	90.6	Industrials	1.8	0.9
Diaceutics plc[1]	-	1,557	1,557	2,172	(697)	89.1	Health Care	0.0	0.9
Fusion Antibodies plc[1]	565	1,779	2,344	2,154	(421)	23.9	Health Care	0.0	0.9
Belvoir Group plc[1]	404	379	783	2,030	677	95.1	Real Estate	3.3	0.8
Elexsys Energy Ordinary shares & 8% Convertible loan notes [1,4]	-	2,000	2,000	2,000	-	-	Information Technology	0.0	0.8
Science in Sport plc[2]	811	1,145	1,956	1,979	750	89.2	Consumer Staples	0.0	0.8
Eneraqua plc[1]	-	1,955	1,955	1,821	(134)	85.7	Industrials	0.0	0.7
Verici Dx Limited[1]	-	800	800	1,800	(1,200)	63.8	Health Care	0.0	0.7
SRT Marine Systems plc[1]	709	465	1,174	1,733	308	73.9	Information Technology	0.0	0.7
Accesso Technology Group plc[1,3]	-	221	221	1,659	752	309.5	Information Technology	0.0	0.7
Creo Medical Group plc[1,3]	-	1,613	1,613	1,522	(1,084)	213.6	Health Care	0.0	0.6
Hardide plc[1]	695	2,361	2,361	1,492	136	18.4	Materials	0.0	0.6
Rosslyn Data Technologies plc[1]	614	1,308	1,922	1,199	(1,305)	11.6	Information Technology	0.0	0.5
One Media iP Group plc[1]	-	1,240	1,240	1,151	-	14.5	Financials	0.0	0.5
Equals Group plc[1]	-	1,137	1,137	1,130	654	136.3	Information Technology	0.0	0.5
Property Franchise Group plc (The)[2]	155	197	352	926	378	100.6	Real Estate	3.3	0.4
Byotrol plc[1]	511	348	859	925	(700)	16.8	Materials	0.0	0.4
Eden Research plc[1]	-	857	857	893	(1,077)	23.8	Materials	0.0	0.4
Kinovo plc[2]	676	1,005	1,681	862	280	24.9	Industrials	0.0	0.3
Falanx Group Limited[1]	-	1,657	1,657	805	(167)	5.3	Industrials	0.0	0.3
Rua Life Sciences plc[1]	-	1,690	1,690	775	(1,504)	12.2	Health Care	0.0	0.3

Company name	Original Amati VCT bookcost at 4 May 2018# £'000	Cost* £'000	Aggregate Cost** £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	FTSE Sector	Dividend Yield[NTM] %	% of net assets
In Style Group plc[1]	-	1,667	1,667	750	(917)	47.2	Consumer Discretionary	0.0	0.3
Trellus Health plc[1,3]	-	700	700	648	(53)	59.8	Health Care	0.0	0.3
Zenova Group plc[1]	-	750	750	592	(158)	14.0	Materials	0.0	0.2
Block Energy plc[1]	-	3,000	3,000	588	(895)	7.5	Energy	0.0	0.2
Netcall plc[2]	-	110	110	428	92	104.8	Information Technology	0.6	0.2
Brighton Pier Group plc (The) [1]	314	175	489	337	235	33.2	Consumer Discretionary	0.0	0.1
MyCelx Technologies Corporation[1]	440	205	645	295	206	14.2	Industrials	0.0	0.1
Velocity Composites plc[1]	496	307	803	230	35	7.3	Industrials	0.0	0.1
LoopUp Group plc[1]	476	2,027	2,503	135	(545)	14.1	Information Technology	0.0	0.1
Synectics plc[2]	-	342	342	123	(27)	16.0	Information Technology	1.3	-
FireAngel Safety Technology Group plc[1]	-	690	690	91	(28)	26.3	Consumer Discretionary	0.0	-
Bonhill Group plc[1]	-	670	670	84	8	9.9	Communication Services	0.0	-
Allergy Therapeutics plc[1]	-	29	29	66	19	160.9	Health Care	0.0	-
Merit Group plc[1]	-	596	596	31	(23)	10.3	Communication Services	0.0	-
Investments held at nil value			1,954	-	-				-
Total investments			**135,562**	**214,737**					**86.9**
Net current assets				**32,337**					**13.1**
Net assets			**135,562**	**247,074**					**100.0**

1 Qualifying holdings.

2 Part of holding qualifying, part is non-qualifying.

3 These investments are also held by other funds managed by Amati.

4 The investments of Ordinary Shares and Convertible loan notes:

Flylogix Limited ("Flylogix")

Consists of 392 Ordinary Shares in Flylogix at fair value of £300,000 and 10% Convertible Loan Notes at £2,700,000. The interest for 18 months from the date of issue on the Convertible Loan Notes is waived if Flylogix is admitted to AIM within that 18-month period, subject to a minimum equity raise of £10m. The Convertible Loan Notes are convertible into Ordinary Shares after listing. If Flylogix is not listed on AIM, interest is payable at 10% per annum for a term of 5 years. The Board are of the opinion Flylogix will list on AIM and the interest receivable of £66,000 to the Balance Sheet has therefore not been accrued.

Elexys Energy plc ("Elexys")

Consists of 202,737 Ordinary Shares in Elexys at fair value of £200,000 and 8% Convertible Loan Notes at £1,800,000. The interest for the year from the date of issue on the Convertible Loan Notes is waived if Elexys is admitted to AIM, subject to a minimum equity raise of £5m. The Convertible Loan Notes are convertible into Ordinary Shares after listing. If Elexys is not listed on AIM, interest is payable at 8% per annum for a term of 5 years. The Board are of the opinion Elexys will list in the next 12 months and the interest receivable of £48,000 to the Balance Sheet date has not been accrued.

This column shows the original book cost of the investments acquired from Amati VCT plc ("AVCT") on 4 May 2018.

* This column shows the book cost to the Company as a result of market trades and events or asset acquisition.

** This column shows the aggregate bookcost to the Company either as a result of market trades and events or asset acquisition.

NTM The Manager rebates the management fee of 0.75% on the TB Amati UK Smaller Companies Fund and this is included in the yield.

All holdings are in ordinary shares unless otherwise stated.

Investments held at nil value: Celoxica Holdings plc[1], Leisurejobs.com Limited[1] (previously Sportweb.com), Polyhedra Group plc[1], Rated People Limited[1], Sorbic International plc, TCOM Limited[1] and VITEC Global Limited[1].

As at the year end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 was 90.01%.

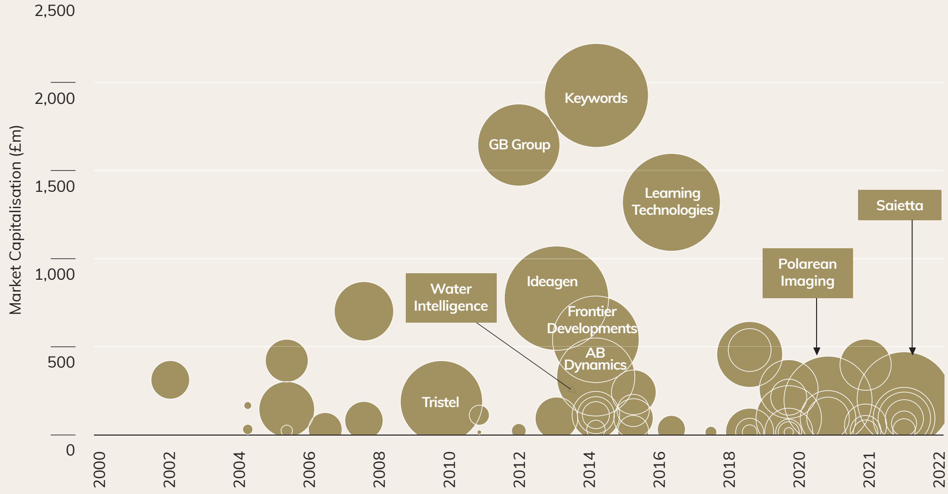
Investment Portfolio (continued)

Analysis as at 31 January 2022

Qualifying portfolio

The portfolio of qualifying investments in the Company as at 31 January 2022 is analysed in the graph below by date of initial investment and market capitalisation. The size of the circles represents the relative size of the holdings in the portfolio by value.

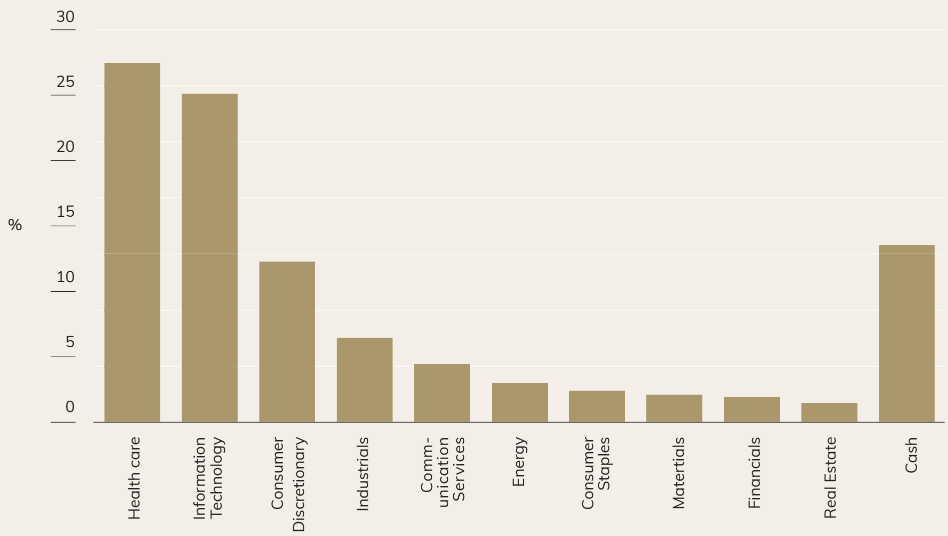
The top ten qualifying portfolio companies are labelled. The dates of investments in securities held solely by Amati VCT plc prior to the merger with Amati VCT 2 plc in May 2018, are given as the dates those securities were originally acquired by Amati VCT plc.



Source:
Amati Global Investors as at 31 January 2022

Sector split

The portfolio of investments in the Company as at 31 January 2022 is analysed in the graph below by sector. This includes a sector split of the investments within the TB Amati UK Smaller Companies Fund which in the Investment Portfolio table on pages 13 to 15 is classed as Financials.



Investment Policy, Company Objectives and Investment Strategy

Company Objectives

The objectives of the Company are to generate tax free capital gains and regular dividend income for its shareholders while complying with the requirements of the rules and regulations applicable to VCTs.

Investment Policy

The Company's policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk. It makes Qualifying Investments (as defined in the Income Tax Act 2007 (as amended)) in AIM-traded companies and non-Qualifying Investments as allowed by the VCT legislation. The Company manages its portfolio to comply with the requirements of the rules and regulations applicable to VCTs.

Investment Parameters

Whilst the objective is to make Qualifying Investments primarily in companies traded on AIM or on the Aquis stock exchange ("Aquis"), the Company may also make Qualifying Investments in companies likely to seek a quotation on AIM or Aquis. With regard to the non-qualifying portfolio the Company makes investments which are permitted under the VCT regulations, including shares or units in an Alternative Investment Fund (AIF) or an Undertaking for Collective Investment in Transferable Securities (UCITS) fund, and shares in other companies which are listed on a regulated market such as the Main Market of the London Stock Exchange. For continued approval as a VCT under the ITA the Company must, within three years of raising funds, maintain at least 80% of its value (based on cost price, or last price paid per share if there is an addition to the holding) in qualifying investments. 30% of new funds raised in accounting periods beginning after 5 April 2018 are to be invested in qualifying holdings within 12 months of the accounting period following the issuance of shares. Any investments by the Company in shares or securities of another company must not represent more than 15% of the Company's net asset value at the time of purchase.

Borrowing

The Company has the flexibility to borrow money up to an amount equal to its adjusted capital and reserves but the Board's policy is not to enter into borrowings.

Investment Strategy for Achieving Objectives

The investment strategy for achieving the Company Objectives which follows is not part of the formal Investment Policy. Any material amendment to the formal Investment Policy may only be made with shareholder consent, but that consent applies only to the formal Investment Policy above and not to any part of the Strategy for Achieving Objectives or Key Performance Indicators below.

(a) Qualifying Investments Strategy

The Company is likely to be a long-term investor in most Qualifying Investments, with sales generally only being made where an investment case has deteriorated or been found to be flawed, or to realise profits, adjust portfolio weightings, fund new investments or pay dividends. Construction of the portfolio of Qualifying Investments is driven by the historic investments made by the Company and by the availability of suitable new investment opportunities. The Manager may co-invest in companies in which other funds managed by Amati Global Investors invest.

(b) Non-Qualifying Investments Strategy

The assets of the portfolio which are not in Qualifying Investments will be invested by the Manager on behalf of the Company in investments which are allowable under the rules applicable to VCTs. Currently, cash not needed in the short term is invested in a combination of the following (though ensuring that no more than 15% of the Company's funds are invested in any one entity at the time of purchase):

(i) the TB Amati UK Smaller Companies Fund (which is a UCITS fund), or other UCITS funds approved by the Board;

(ii) direct equity investments in small and mid-sized companies and debt securities in each case listed on the Main Market of the London Stock Exchange; and

(iii) cash or cash equivalents (including money market funds) which are redeemable within 7 days.

Environmental, Social and Governance ("ESG") Policies

The Investment Manager recognises that managing investments on behalf of clients involves taking into account a wide set of responsibilities in addition to seeking to maximise financial returns for investors. Industry practice in this area has been evolving rapidly and Amati has been an active participant in seeking to define and strengthen its principles accordingly. This involves both integrating ESG considerations into the Investment Manager's investment decision-making process as a matter of course, and also signing up to major external bodies who are leading influencers in the formation of industry best practice. The following is an outline of the kinds of ESG factors that the Investment Manager will take into account as part of its investment process, reflecting the specific inputs and outputs of a business.

- **Environmental** – climate change; use of natural resources; pollution; waste and impact on bio-diversity; and taking into account any positive environmental impacts.
- **Social** – use of human capital; potential product or service liabilities; stakeholder opposition; and taking into account any positive social considerations.
- **Governance** – ownership and control; management structure and quality; pay and alignment; accounting issues; business ethics; and tax transparency.
- **Human rights** – weighing up the risks of activities in countries with Freedom House Scores below 33 and based on Clean Trade principles; not investing in companies extracting natural resources in countries which score below 15; risk of exposure to corruption and unreliable legal frameworks; risk of benefiting from slave labour; risk from adverse political developments impacting a business negatively.

Board Diversity of Investee Companies

The Board, through the Manager, considers Board diversity to be an important consideration in its investment decision on investee companies.

Key Performance Indicators

The Board expects the Manager to deliver a performance which meets the objectives of the Company. A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained in the Chairman's Statement and Fund Manager's Review. The Board monitors on a regular basis a number of key performance indicators which are typical for VCTs, the main ones being:

- Compliance with HMRC VCT regulations to maintain the Company's VCT Status. See page 28;
- Net asset value and total return to shareholders (the aggregate of net asset value and cumulative dividends paid to shareholders, assuming dividends re-invested at ex-dividend date). See graphs on page 3;
- Comparison against the Numis Alternative Markets Total Return Index. See graph on page 47;
- Dividend distributions. See table of investor returns on page 2;
- Share price. See key data on page 1; and
- Ongoing charges ratio. See key data on page 1.

Fund Management and Key Contracts

Management Agreement

Amati Global Investors was appointed as Manager to the Company on 19 March 2010. Under an Investment Management and Administration Agreement dated 19 March 2010, and subsequently revised and updated in two separate agreements, an Investment Management Deed ("IMA") and a Fund Administration, Secretarial Services and Fund Accounting Agreement ("FASSFAA"), on 30 September 2019, the Manager agreed to manage the investments and other assets of the Company on a discretionary basis subject to the overall policy of the Directors. The Company will pay to the Manager under the terms of the IMA a fee of 1.75% of the net asset value of the Company quarterly in arrears. In November 2014, with shareholder consent, the Company amended its non-qualifying investment policy to permit investment in the TB Amati UK Smaller Companies Fund, a small and mid-cap fund managed by the Manager. The Company receives a full rebate on the fees payable by the Company to the Manager within this fund either through a reduction of fees payable by the Company or a direct payment by the Manager.

Annual running costs are capped at 3.5% of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the Directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, irrecoverable VAT and exceptional costs, including winding-up costs). No performance fee is payable as the Manager waived all performance fees from 31 July 2014 onwards.

Administration Arrangements

Under the terms of the FASSFAA, the Investment Manager also agreed to provide certain fund administration, company secretarial and fund accounting services to the Company. The Company agreed to pay to the Investment Manager a fee of £92,800 (subject to an annual increase in line with the retail prices index) quarterly in arrears in respect of the provision of these services. With effect from 1 February 2021 the annual increase will be in line with the consumer prices index. The appointment of the Investment Manager as investment manager and/or administrator, company secretary and fund accountant may be terminated with twelve months' notice. Where the Investment Manager negotiates and structures an investment directly with a company, most commonly as a convertible loan, the Investment Manager retains the right to charge the investee company a fee. Any legal expenses incurred by the Investment Manager will be paid out of this fee.

Under the FASSFAA, the Manager has the right to appoint suitable representatives to provide administration, secretarial and fund accounting services to the Company. The Manager engaged The City Partnership (UK) Limited to act as company secretary and Link Alternative Fund Administrators Limited to act as fund administrator and accountant.

During the year the Manager and Board agreed that a new Company Secretary would be sought with whom the Company would contract directly. Law Debenture were appointed as Company Secretary of the Company from 1 February 2022.

Fund Manager's Engagement

The Board regularly appraises the performance and effectiveness of the managerial, administration and secretarial arrangements of the Company. As part of this process, the Board will consider the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. In the opinion of the Board, the continuing appointment of the Manager, on the terms agreed, is in the interests of the shareholders. The Directors are satisfied that the Manager will continue to manage the Company in a way which will enable the Company to achieve its objectives.

VCT Status Adviser

Philip Hare & Associates LLP ("Philip Hare & Associates") is engaged to advise the Company on compliance with VCT requirements. Philip Hare & Associates review new investment opportunities, as appropriate, and review regularly the investment portfolio of the Company. Philip Hare & Associates work closely with the Manager but report directly to the Board.

Principal and Emerging Risks

The Audit Committee regularly reviews the Company's risk register, which assesses each risk and classifies the likelihood of the risk and the potential impact of each risk on the Company. The Board considers that the Company faces the following major risks and uncertainties:

Potential Risk	Potential Impact	Mitigation
Investment Risk	A substantial portion of the Company's investments are in small AIM traded companies as well as some unquoted companies. By their nature these investments involve a higher degree of risk than investments in larger fully listed companies. These companies tend to have limited product lines and niche markets. They can be reliant on a few key individuals. They can be dependent on securing further financing. With the changes to VCT regulations introduced in the Finance Act 2018 focusing investment in knowledge based companies, newer investments may well be made at an earlier stage in the lifecycle and may result in a reduced exposure to asset based businesses leading to increased volatility in the value of an investee company's shares. Further, the majority of the new investments will be in companies which have invested in developing and commercialising intellectual property, which brings with it the risk that another company might develop superior technology, or that the commercialisation strategy may fail. In addition, the liquidity of these shares can be low and the share prices volatile.	To reduce the risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. Investments are actively and regularly monitored by the Manager and the Board receives detailed reports on the portfolio in addition to the Manager's report at regular Board meetings. The Manager also seeks to limit these risks through building a diversified portfolio with companies in different areas within sectors and markets at different stages of development. Investments in unquoted companies in particular are subject to strict controls and investment limits in recognition of the significant risks involved. In relation to investments of this nature there is an expectation that the investee company will seek admission to AIM within two years of the initial investment, in order to de-risk the investment, to the extent that this is possible, within an acceptable time frame.

Potential Risk	Potential Impact	Mitigation
Venture Capital Trust Approval Risk	The current approval as a venture capital trust allows investors to take advantage of income tax reliefs on initial investment and ongoing tax-free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing the income tax relief on initial investment and loss of tax relief on any tax-free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares. A sunset clause was put in place in the VCT regime to secure ongoing EU approval at the time of the UK's departure from the European Union. At present it is not clear whether the UK Treasury will take action to amend the legislation to extend or remove the date of the sunset clause. Without an extension or removal there would be no initial income tax relief for new subscriptions after 5 April 2025. The absence of upfront tax relief may limit VCTs' ability to raise funds.	To reduce this risk, the Board has appointed the Manager which has significant experience in venture capital trust management and is used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates as VCT Status Adviser to the Company. Philip Hare & Associates reports every six months to the Board to confirm compliance with the venture capital legislation, to highlight areas of risk and to inform on changes in legislation independently. Other tax reliefs such as tax-free dividends and exemption from capital gains tax would remain unaffected by the sunset clause. VCT boards and their managers are actively liaising with the UK Treasury to encourage the addressing of this issue.
Compliance Risk	The Company has a premium listing on the London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Financial Reporting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Acts or from financial reporting oversight bodies. The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 ("AIFMD") is a directive affecting the regulation of VCTs. Amati AIM VCT has been entered in the register of small, registered UK AIFMs on the Financial Services register at the Financial Conduct Authority ("FCA"). As a registered firm there are a number of regulatory obligations and reporting requirements which must be met in order to maintain its status as an AIFM.	Board members and the Manager have considerable experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulations from the auditor, lawyers, the Company Secretary and other professional bodies.

Principal and Emerging Risks (continued)

Potential Risk	Potential Impact	Mitigation
Internal Control Risk	Failures in key controls within the Board or within the 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. Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust. The Manager operates a robust risk management system which is reviewed regularly to ensure the controls in place are effective in reducing or eliminating risks to the Company. Details of the Company's internal controls are on page 42.	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.
Financial Risk	By its nature, as a venture capital trust, the Company is exposed to market price risk, credit risk, liquidity risk, interest rate risk and currency risk.	The Company's policies for managing these risks are outlined in full in notes 15 to 18 to the financial statements on pages 71 to 73. The Company is financed through equity.
Economic Risk	Events such as economic recession, not only in the UK, but also in the core markets relevant to our investee companies, together with a movement in interest rates, can affect investor sentiment towards liquidity risk, and hence have a negative impact on the valuation of smaller companies. The economic future for the UK and the wider world would appear to be as uncertain as it has ever been in the last few decades. Actual war in Europe and the possibility of war in the East combine to give grave concern for the future. This follows two years of the Covid-19 pandemic and the ensuing impacts on the UK and global economies where government debt has not been as high as it is now since World War 2. Government actions to deal with Covid-19 and to boost the economy during the pandemic now result in rising inflation and therefore interest rates, the impacts on the	The Manager seeks to mitigate economic risk by seeking to adopt a suitable investment style for the current point in the business cycle, and to diversify the exposure to geographic end markets.

Potential Risk	Potential Impact	Mitigation
Economic Risk (continued)	cost of living being exacerbated by rising energy prices caused by poor Government energy policy decision making in the rush to go green, reliance for energy supplies on countries with corrupt regimes and the impact of the Russian invasion into Ukraine. The Covid-19 pandemic and the measures taken to control the outbreak had already led to volatility in stock markets and other financial markets in the UK and a downturn in the UK economy. The future development and long-term impacts of the outbreak are unknown. Despite a permanent trade agreement between the UK and EU and the end of the transition period on 31 December 2020 there remains uncertainty and potential volatility in markets and for the economy while practicalities are addressed.	
Operational Risk	Failure of the 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 Manager regularly reviews the performance of third-party suppliers at monthly management meetings and the Board consider at quarterly board meetings.
Concentration Risk	Although the Company has a diversified portfolio of investments the ten largest investments account for almost half of the total investments. A material fall in any one investment can have a significant impact on the overall net asset value.	Portfolio weighting limits apply to the portfolio's largest holdings such that no holding is allowed to approach a size of 10% of the portfolio, with action normally taken well before that level particularly where the shares have become overbought with no underlying earnings justification.

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 and in doing so to have regard to a number of matters including:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster 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, other service providers and investee companies.

To ensure that the Directors are aware of, and understand, their duties they are provided with a tailored induction, including details of all relevant regulatory and legal duties as a Director of a UK public limited company when they first join the Board, and continue to receive regular and ongoing updates and training on relevant legislative and regulatory developments.

They also have continued access to the advice and services of the Company Secretary, and when deemed necessary, the Directors can seek independent professional advice. The Terms of Reference of the Board's committees are reviewed periodically and describe the Directors' responsibilities and obligations and include any statutory and regulatory duties.

Stakeholder	Importance	Board Engagement
Shareholders	Continued shareholder support and engagement are critical to the continuing existence of the business and its future growth.	The Board places great importance on communication with its shareholders and encourages shareholders to attend the AGM and an annual investor event and welcomes communication from shareholders as described more fully on pages 39 to 40 in the Statement of Corporate Governance.

Stakeholder	Importance	Board Engagement
Investment Manager	The Manager's performance is fundamental for the Company to successfully deliver its investment strategy, meet its investment objective and its long-term success.	The Board's decisions are intended to achieve the Company's objective to generate tax free capital gains and income on investors' funds and maintaining the Company's status as a VCT is a critical element of this. The Board regularly monitors the Company's performance in relation to its investment objectives and seeks to maintain a constructive working relationship with the Manager. Representatives of the Manager attend each quarterly board meeting and provide an update on the investment portfolio along with presenting on macro-economic issues. The Board also expects good standards at the companies within which the Company is invested and, as described on page 27, the Manager was a Tier 1 signatory to the 2012 UK Stewardship Code and in March 2022 has been accepted as a signatory to the 2020 UK Stewardship Code. The Manager is also a signatory to the Principles for Responsible Investment.
Other service providers, including: The registrar, the receiving agent, the tax adviser, the auditor, the lawyers, the Company Secretary and the Fund Accountant	In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company engages a diverse and experienced range of advisors for support with meeting all relevant obligations.	The Board maintains regular contact with its key external service providers, and the quality of the provision of these services is considered by the Board at Board meetings.
Investee companies	The Company's performance is directly linked to the performance of its underlying investee companies and accordingly communication with those entities is regarded as very important.	The Manager does not have board representation in any investee company but does interact with Directors and senior management of investee companies regularly. 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.

Highlights
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Key decision making

The mechanisms for engaging with stakeholders are kept under review by the Directors and discussed at Board meetings to ensure they remain effective. The Board has policies for dividends, share buybacks and the dividend re-investment scheme, all of which it is considered are for the benefit of shareholders. During the year the Directors discussed these and re-affirmed their commitment to the policies. Examples of the Board's principal decisions during the year, and how the Board fulfilled its duties under Section 172, are set out below:

Principal Decision	Long-term impact	Stakeholder Engagement
To issue new shares in the Company	Issuing new shares allows the Company to increase its liquidity, and the successful investment of the capital raised in new issuances will promote growth in the Company's NAV.	The Board considered the direction and future aims of the Company and the desire to continue to invest in growth businesses with the aim of benefiting all stakeholders. A key part of that is fundraising, to provide new funds for investment in new or existing investee companies (where allowed by VCT regulations). Aligned with this is the need to maintain sufficient cash balances to be able to take advantage of investment opportunities, to maintain stable and predictable dividends for investors, and to provide liquidity for shareholders by facilitating buybacks. Following the successful prospectus offer that was launched in July 2021 and which raised £40m, the Board decided to re-open the Offer in February 2022 using the over-allotment facility owing to the strong demand seen from investors and raised its full £25m. This decision was taken on the basis of the deployment of funds and the pipeline of investment opportunities. A resolution giving the Directors the authority to allot shares is voted upon by shareholders at the AGM each year and receives a high level of support from shareholders. Given the high demand seen for the latest Offer, a General Meeting was convened and held on 2 March 2022 at which shareholders again voted in favour of giving the Board authority to allot further shares.

Principal Decision	Long-term impact	Stakeholder Engagement
To make new appointments to the Board	Continuing to develop and evolve the Board, so that it contains an appropriate mix of skills, diversity and experience is important to promote the long-term success of the Company.	During the year, the Board was pleased to appoint Fiona Wollocombe as a non-executive director. She brings significant VCT experience to the Board. Fiona's appointment is made to promote the best long-term interests of the Company.

Environmental, Social and Governance ("ESG") Policies, and Responsible Ownership

The Company has no employees and no premises and the Board has decided that the direct impact of its activities is minimal; therefore it has no policies relating to social, community and human rights issues. The Company's indirect impact occurs through the range of organisations in which it invests and for this it follows a policy of Responsible Ownership.

In terms of external validation and support, Amati Global Investors, the Manager, was a Tier 1 signatory to the 2012 UK Stewardship Code and in March 2022 has been accepted as a signatory to the 2020 UK Stewardship Code which aims to enhance the quality of engagement between investors and companies to help improve long-term risk adjusted returns to shareholders. Amati's approach to Stewardship and Shareholder Engagement can be found at https://www.amatiglobal.com/storage/644/Stewardship_and_Shareholder_Engagement-v2.pdf. Amati is also a signatory to the UN-supported Principles for Responsible Investment (PRI), which works to support its international network of signatories in incorporating ESG factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

Voting on portfolio investments

In 2021 the Manager voted in respect of 48 Amati AIM VCT holdings at 69 company meetings on a range of ESG issues.

Business Conduct

The Board takes its responsibility to prevent bribery very seriously and has a zero-tolerance policy towards bribery. It has committed to carry out all business in an honest and ethical manner and to act professionally, fairly and with integrity in all its business dealings and relationships. The Manager has its own anti-bribery and corruption policy.

Global Greenhouse Gas Emissions

The Company is a low energy user and is therefore exempt from the reporting obligations under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 or the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implementing the UK Government's policy on Streamlined Energy and Carbon Reporting. The Company has no greenhouse gas emissions or energy consumption to report from the operations of the Company, nor does it have responsibility for any other emission producing sources. Under listing rule 15.4.29(R), the Company, as a closed ended investment fund, is currently exempt from complying with the Task Force on Climate related Financial Disclosures.

Other Matters

VCT Regulations

The Company's investment policy is designed to ensure that it meets the requirements of HM Revenue & Customs to qualify and to maintain approval as a VCT:

(i) The Company must, within three years of raising funds, maintain at least 80% of its investments by VCT value (cost, or the last price paid per share, if there is an addition to the holding) in shares or securities comprised in qualifying holdings (this percentage rose from 70% to 80% for accounting periods beginning on or after 6 April 2019 which for the Company was from 1 February 2020). At least 70% by VCT value must be ordinary shares which carry no preferential rights. A further condition requires that 30% of new funds raised in accounting periods beginning after 5 April 2018 are to be invested in qualifying holdings within 12 months of the accounting period following the issuance of shares;

(ii) The Company may not invest more than 15% of its investments in a single company and it must have at least 10% by VCT value of its total investments in any qualifying company in qualifying shares approved by HM Revenue & Customs;

(iii) To be classed as a VCT qualifying holding, companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million after investment; they must be carrying on a qualifying trade and satisfy a number of other tests including those outlined below; the investment must also be made for the purpose of promoting growth or development;

(iv) VCTs may not invest new capital in a company which has raised in excess of £5 million (£10 million from 6 April 2018 if the company is deemed to be a Knowledge Intensive Company) from all sources of state-aided capital within the 12 months prior to and including the date of investment;

(v) No investment may be made by a VCT in a company that causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of state aid investment (including from VCTs) over the company's lifetime. A subsequent acquisition by the investee company of another company that has previously received State Aid Risk Finance can cause the lifetime limit to be exceeded;

(vi) No investment can be made by a VCT in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous State Aid Risk Finance was received by the company within 7 years (10 years in each case for a Knowledge Intensive Company) or where both a turnover test is satisfied and the money is being used to enter a new product or geographical market;

(vii) No funds received from an investment into a company can be used to acquire another existing business or trade;

(viii) Since 6 April 2016 a VCT must not make "non-qualifying" investments except for certain specified investments held for liquidity purposes and redeemable within seven days. These include investments in UCITS (Undertakings for Collective Investments in Transferable Securities) funds, AIF (Alternative Investment Funds) and in shares and securities purchased on a Regulated Market. In each of these cases the restrictions in (iii) – (vii) above are not applied; and

(ix) Non-qualifying investments in AIM-quoted shares are not permitted as AIM is not a Regulated Market.

During 2018, HMRC stopped issuing pre-clearance letters for VCT investments. They are encouraging VCTs not to use the advance assurance service for investments and have stated that where a VCT has taken reasonable steps to ensure an investment is qualifying, the VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying. The Manager and the Board rely on advice from Philip Hare & Associates regarding the qualifying status of new investments. The Manager monitors compliance with VCT qualifying rules on a day-to-day basis through a combination of automated and manual compliance checks in place within the business. Philip Hare & Associates also review the portfolio bi-annually to ensure the Manager has complied with regulations and has reported to the Board that the VCT has met the necessary requirements during the year.

PRIIPs Regulations

The Company is required to publish a Key Information Document (KID), which sets out the key features, risks, potential future performance and costs of PRIIPs (Packaged Retail and Insurance-based Investment Products). This document is available at the website of Amati Global Investors: www.amatiglobal.com.

Statement on Long-term Viability

In accordance with the UK Corporate Governance Code published in July 2018 (the "Code"), the Directors have carried out a robust assessment of the prospects of the Company for the period to January 2027, taking into account the Company's performance and emerging 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 over that period.

To come to this conclusion, the Manager prepares and the Directors consider an income statement forecast for the next five years which is considered to be an appropriate time period due to its consistency with the UK Government's tax relief minimum holding period for an investment in a VCT. This time frame 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, the cash holdings and the liquidity of non-qualifying investments.

The Directors have considered in particular the likely economic effects and the impacts on the Company's operations of the war taking place in Ukraine, rising inflation and interest rates and the effects of the COVID-19 pandemic.

The longer-term economic outlook is very difficult to predict but in considering preparing the long term viability of the Company the Directors noted the Company holds a portfolio of liquid investments and cash balances whose value is a multiple of liabilities.

Other Disclosures

The Company had no employees during the year and has five non-executive directors, two of whom are male and three are female.

On behalf of the Board

Peter A. Lawrence
Chairman

12 April 2022

Board of Directors

Peter Lawrence – Chairman of the Board

In 2005, Peter was invited to join the board of Amati VCT plc at its foundation, when it was then First State Investments AIM VCT plc, going on to chair first, Amati VCT plc and then the Company after the merger with Amati VCT plc in 2018. He was, until 31 March 2022, chairman of Baronsmead Venture Trust plc and retired on 17 June 2021 as chairman of Anpario plc, which is traded on AIM. On 7 March 2019 he retired as chairman of ECO Animal Health Group plc, an AIM-traded company which he founded in 1972.

Relevant skills and experience:

Having first joined a VCT board in 1999, Peter has a comprehensive experience of the VCT and investment trust sector. As an entrepreneur, he also has a sound understanding of the growth steps facing the Company's investees. This has provided a strong basis for assessing and where appropriate, challenging the Manager on the Company's performance and in leading the Board in strategic discussions. Peter will be retiring at this year's AGM in June.

Julia Henderson – Non-Executive Director and Chairman of the Nomination Committee

Julia Henderson joined the Board in May 2018. Prior to this she was a non executive director of Amati VCT plc which merged with the Company in May 2018. She has specialised in advising quoted and unquoted companies for over thirty years. Her corporate finance career began at ANZ Merchant Bank after which she became a co-founder and a director of Beeson Gregory Limited, a mid-market investment bank. Since 2004 she has been an independent consultant, chairman and non-executive director to companies across a broad range of sectors. Previous non-executive directorships include Alkane Energy plc, ECO Animal Health Group plc, GTL Resources plc and TP Group plc.

Relevant skills and experience and reasons for re-election:

Julia's extensive experience in investment banking and as a non-executive director provides valuable insight to the board. Her experience aids constructive challenge in the boardroom. Following a comprehensive board evaluation process, the board agreed that Julia continues to be an effective member of the Board.

Susannah Nicklin – Non-Executive Director and Chairman of the Remuneration Committee

Susannah Nicklin joined the Board in May 2016. She is an investment and financial services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures and the Global Impact Investing Network. Susannah is Chair of the Schroder BSC Social Impact Trust plc, and a non-executive director of Ecofin Global Utilities and Infrastructure Trust plc, North American Income Trust plc, and Baronsmead Venture Trust plc. She holds the Chartered Financial Analyst credential from the CFA Institute. She was previously a non-executive director and senior independent director at Pantheon International plc.

Susannah Nicklin (continued)

Relevant skills and experience and reasons for re-election:

Susannah has gained an in-depth knowledge of financial markets and the investment management sector through her previous roles with Goldman Sachs and Alliance Bernstein. She has a wealth of experience including from her directorships on other investment trusts which facilitates open discussion and allows for constructive challenge in the boardroom. Following a comprehensive board evaluation process, the board agreed that Susannah continues to be an effective member of the Board.

Brian Scouler – Non-Executive Director and Chairman of the Audit Committee

Brian Scouler joined the Board in May 2018. Prior to this he was a non executive director of Amati VCT plc which merged with the Company in May 2018. He spent 25 years in Private Equity in senior roles with Charterhouse, Royal Bank of Scotland and Dunedin. He has wide experience of buying and selling private companies and investment portfolio management, sitting on numerous investee company boards. He was formerly manager of a quoted investment trust and a member of the steering committee of LPEQ, the listed private equity group. He is a Chartered Accountant with a number of non-executive and advisory appointments.

Relevant skills and experience and reasons for re-election:

Brian's experience in company and investment portfolio management brings valuable business and financial skills to the Board. This enables him to assess the financial position of the Company and its projections, and to lead discussions regarding the Company's risk management framework and risk appetite. Brian's experience of managing audit relationships helps inform his role as Chairman of the Audit Committee. Following a comprehensive board evaluation process, the board agreed that Brian continues to be an effective member of the Board.

Fiona Wollocombe – Non-Executive Director

Fiona Wollocombe was appointed to the Board on 10 June 2021. She is chairman of Kings Arms Yard VCT plc. Fiona is also chair of the Trustees of the Scottish Ballet Endowment Fund. Her previous career was in equity capital markets at NatWest Markets and Deutsche Bank. She has previously held non-executive director roles for a number of other companies in the VCT sector including being chairman of Artemis VCT Plc and of Maven Income and Growth VCT PLC.

Relevant skills and experience and reasons for election:

Fiona brings strong banking, financial and investment trust skills to the Board. Her extensive knowledge and experience within the VCT industry help facilitate open conversation and constructive challenge of the Manager and contribute to strategic discussions. Fiona was appointed to the Board in June 2021 and is therefore seeking election for the first time.

Directors' Report

The Statement of Corporate Governance on pages 37 to 40 forms part of the Directors' Report.

Principal Activity and Status

The Company is registered as a public limited company under the Companies Act 2006 (Registration number 04138683). The address of the registered office is 27/28 Eastcastle Street, London, W1W 8DH. The principal activity of the Company is to invest in a portfolio of companies whose shares are primarily traded on AIM. The Directors have managed, and intend to continue to manage, the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007. A review of the Company's business during the year is contained in the Chairman's Statement and Fund Manager's Review.

Directors

The Directors of the Company during the year under review were Peter Lawrence, Julia Henderson, Susannah Nicklin, Brian Scouler and Fiona Wollocombe, who was appointed to the Board on 10 June 2021. The Company indemnifies its Directors and officers and has purchased insurance to cover its Directors.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where they have, or could have, a direct or indirect interest which conflicts, or may conflict with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles. The Board has approved a protocol for identifying and dealing with conflicts and has resolved to conduct a regular review of actual or possible conflicts and any authorised conflicts. No conflicts or potential conflicts were identified during the year.

Management

The Company's investments are managed by Amati Global Investors Limited, subject to an Investment Management Agreement dated 30 September 2019 (the "Agreement") which was an update from the original agreement dated 19 March 2010. Pursuant to the Agreement, Amati is entitled to an investment management fee of 1.75% per annum charged on the net asset value of the Company at the quarter end, payable quarterly in arrears. The Manager rebates the fee it receives for the management of the Company's investment in the TB Amati UK Smaller Companies Fund.

The Manager waived the right granted in the original Agreement to receive a performance fee.

The Agreement may be terminated by either party with twelve months' notice. There are several events that could allow immediate termination by the Company, including insolvency, material breach, loss of FCA authorisation, a change of control of the Manager, and Paul Jourdan, CEO of the Manager, ceasing to have an active role in the management of the portfolio, unless a replacement acceptable to the Company is appointed within twenty business days.

Manager Evaluation

Since the year end, the Board have reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Board considered the skills, experience, resources and commitment of the Manager together with the investment performance, management processes, risk controls and the quality of support provided to the Board during the year and since its appointment. It also considered the length of the notice period of the investment management agreement and the fees payable to the Manager. Following this review, it is the Directors' opinion that the continuing appointment of Amati Global Investors Limited as Manager is in the interests of shareholders as a whole. Among the reasons for this view in particular are the Company's long-term investment performance relative to that of the markets in which the Company invests, as well as the depth and experience of the research capability of the Manager.

Dividend

The Company paid an interim dividend of 4.5p per share on 26 November 2021. As stated in the Chairman's Statement on page 5 the Board has declared payment of a final dividend of 4.5p per share for the financial year ending 31 January 2022. The dividend will be paid on 22 July 2022 to shareholders on the register on 17 June 2022. The ex-dividend date will be 16 June 2022.

Share Capital

There were 136,720,797 ordinary shares in issue at the year end. During the year 21,590,838 shares in the Company were allotted as a result of offers at an average price of 217p per share raising £46.75m net of issue costs. 1,289,588 shares in the Company were allotted as a result of the Dividend Re-investment Scheme. Since the year end, 12,280,842 shares have been issued under the Offer for Subscription, please refer to Note 19 on page 74 for further details.

During the year 1,749,179 shares in the Company with a nominal value of 5p per share were bought back for an aggregate consideration of £3.43m at an average price of 196p per share (representing 1.3% of the shares in issue at 31 January 2022). Since the year end, 150,616 shares have been bought back for an aggregate consideration of £253,066 at an average price of 168p per share. All of the shares were cancelled after purchase. The purpose of the share buybacks was to satisfy demand from those shareholders who sought to sell their shares during the period, given that there is a very limited secondary market for shares in Venture Capital Trusts generally. It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest including the maintenance of sufficient resources for investment in new and existing investee companies and the continued payment of dividends to shareholders. At the Company's year end authority remained for the Company to buy back 16,444,077 shares.

The rights and obligations attached to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The Company has one class of share, ordinary shares, which carry no right to fixed income. The holders of 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 voting rights and no restrictions concerning the transfer of shares in the Company except that certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws). There are no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements to which the Company is a party that might change or fall away on a change of control or trigger any compensatory payments for Directors, following a successful takeover bid.

Annual General Meeting

The notice of Annual General Meeting to be held on 16 June 2022 is set out on pages 79 to 84. The Company intends for the meeting to be in person at Barber-Surgeons' Hall and it will be live-streamed for those who wish to view it. An investor event will be held in the usual format after the formal business of the AGM, which is proposed to be live-streamed. Please note that live-streaming will only allow participants to view the meeting and presentation, they will not have the ability to vote, or ask questions. Shareholders wishing to ask questions may do so by emailing the Manager at info@amatiglobal.com. Instructions on how to watch the meeting live, as well as further information on the AGM and investor event, can be found on page 79.

Resolution 10 – Authority to allot shares (ordinary resolution)

Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares without shareholder approval.

Resolution 10 seeks to renew the Directors' authority to allot shares up to a maximum nominal amount of £2,450,000, representing approximately 33 per cent. of the Company's total issued ordinary share capital as at 12 April 2022 (being the latest practicable date prior to publication of this document). As at 12 April 2022, the Company did not hold any ordinary shares in treasury.

The authority will expire at the end of the Annual General Meeting of the Company to be held in 2023, unless previously renewed, varied or revoked by the Company in general meeting.

The Directors intend to use this authority for the purposes described below under Resolution 11.

Resolution 11 – Disapplication of pre-emption rights (special resolution)

Resolution 11 seeks to renew the Directors' authority to allot equity securities for cash without first having to offer such securities to existing shareholders pro rata to their existing holdings. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority is limited to:

(i) an aggregate nominal amount of £2,300,000 (representing approximately 31 per cent. of the issued share capital of the Company (excluding treasury shares) as at the date of this document) pursuant to one or more offers for subscription of the Company; and

(ii) an aggregate nominal amount of £150,000 (representing approximately 2 per cent. of the issued share capital of the Company (excluding treasury shares) as at the date of this document) pursuant to the dividend reinvestment scheme operated by the Company.

The authority will expire at the end of the Annual General Meeting of the Company to be held in 2023, unless previously renewed, varied or revoked by the Company in general meeting.

This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders as a whole.

Resolution 12 – Authority for the Company to purchase its own shares (special resolution)

Resolution 12 authorises the Company to purchase up to 14.99 per cent. of the issued ordinary share capital of the Company as at the date of the passing of Resolution 12. As at 12 April 2022 this would equate to approximately 22.3 million ordinary shares. Purchases will be made on the open market at prices in accordance with the terms laid out in Resolution 12. The Board currently intends to cancel those shares purchased. Such authority will expire at the end of the Annual General Meeting of the Company to be held in 2023, unless previously cancelled or varied by the Company in general meeting.

Resolution 13 – Cancellation of share premium account (special resolution)

Under the Companies Act 2006 and the Companies (Reduction of Share Capital) Order 2008, a company may, with the sanction of a special resolution of its shareholders and the confirmation of the Court, reduce or cancel all or part of its existing share capital and apply the sums resulting from such reduction to, among other things, create distributable reserves. Resolution 13 is a special resolution to cancel the entire amount standing to the credit of the Company's share premium account as at the date the relevant Court order is made. Subject to confirmation by the High Court of Justice in London and the reduction in capital taking effect, the amount so cancelled will be credited to the Company's distributable reserves. This will improve the Company's distributable reserves position and will provide the Company with flexibility to support, amongst other things, share buy-backs and the payment of dividends or other distributions to shareholders in the future. Shareholders should note that in order to retain its status as a VCT, the Company cannot currently make a distribution to shareholders out of a special reserve created by the cancellation of the amount standing to the credit of its share premium account in respect of shares issued during the 'restricted period' as defined in the VCT legislation (being the period of three years beginning at the end of the accounting period of the Company in which the shares were issued). The Company will monitor any distributions being made from the cancelled share premium to ensure compliance with these VCT Rules.

Resolution 14 – Notice period for general meetings (special resolution)

Under the Companies Act 2006, the notice period required for all general meetings of the Company is 21 clear days. AGMs will always be held on at least 21 clear days' notice, but shareholders can approve a shorter notice period for other general meetings.

The Board believes that it is in the best interests of shareholders of the Company to have the ability to call meetings on no less than 14 clear days' notice should a matter require urgency. The Board is therefore proposing Resolution 14 to approve the reduction in the minimum notice period from 21 clear days to 14 clear days for all general meetings other than AGMs. The Directors do not intend to use less than 21 clear days' notice unless immediate action is required.

Independent Auditor

A tender and evaluation process was undertaken in April 2021 and it was the recommendation of the Audit Committee, and decision of the Board, that BDO LLP be proposed at the AGM for re-appointment as independent auditor to the Company. Accordingly resolutions will be proposed at the AGM for the reappointment of BDO LLP and to authorise the Directors to agree the independent auditor's remuneration. Further details regarding the audit tender can be found in the Audit Committee report on page 43.

Substantial Shareholdings

	31 January 2022 No of ordinary shares held	31 January 2022 % of shares in issue	As at the date of this report No of ordinary shares held	As at the date of this report % of shares in issue
Hargreaves Lansdown (Nominees) Limited	6,062,786	4%	6,415,899	4%

Re-election of Directors

In accordance with The AIC Code of Corporate Governance, all Directors are proposed for re-election at the upcoming AGM. Fiona Wollocombe, who was appointed during the year, is proposed for election. Peter Lawrence will be retiring at the end of the AGM this year. Biographical details of all Directors and their reasons for election or re-election are set out on pages 30 and 31.

Going Concern

In accordance with FRC Guidance for Directors on going concern and liquidity risk the Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of 12 months from the date these financial statements were approved.

In making this assessment, the Directors took into account the nature of the Company's business and Investment Policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of investments. The Company's business activities, together with the factors likely to affect its future development, performance and position including the financial risks the Company is exposed to are set out in the Strategic Report on pages 4 to 29. The Directors have considered in particular the likely economic effects and the impacts on the Company's operations of the war taking place in Ukraine, rising inflation and interest rates and the effects of the COVID-19 pandemic.

The longer term economic outlook is difficult to predict but in considering preparing the accounts on a going concern basis the Directors noted the Company holds a portfolio of liquid investments and cash balances whose value is a multiple of liabilities. The Directors are of the view that the Company can meet its obligations as and when they fall due. The cash available enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist them in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager has considered plausible downside scenarios. These tests included the modelling of a reduction in income of 50%, increase in costs of 50% and a reduction in net asset value of 50%, any or all of which could apply to any set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Investment Manager and the Company's third-party service providers have contingency plans to ensure the continued operation of their business in the event of disruption, such as caused by the impact of COVID-19. The Board is satisfied that there has been minimal impact to the services provided during the year and are confident that this will continue. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements continue to be prepared on the going concern basis.

Accountability and Audit

The independent auditor's report is set out on pages 49 to 54 of this report. The Directors who were in office on the date of approval of these Annual Report and Financial Statements have confirmed that, as far as they are aware, there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the auditor is unaware. Each of the

Directors has taken all the steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Listing Rule Disclosure

The Company confirms that there are no items which require disclosure in relation to Listing Rule 9.8.4 in respect of the year ended 31 January 2022.

Financial Instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. Further details, including details about risk management, are set out in the Strategic Report and in notes 15 to 18 on pages 71 to 73.

Future Developments

Significant events which have occurred after the year end are detailed in note 20 on page 74. Future developments which could affect the Company are discussed in the outlook sections of the Chairman's Statement and Fund Manager's Review.

Peter A. Lawrence
Chairman

12 April 2022

Statement of Corporate Governance

Background

The Board of Amati AIM VCT plc has considered the Principles and Provisions of the AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to the Company as a venture capital trust.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Company has complied with the Principles and Provisions of the AIC Code except as set out below:

- Provision 8: the Board will set out the responsibilities of the Chairman and make this available in writing in the coming year. The Company is compliant with the rest of this provision.
- Provision 14: the Board has determined that the size of the Board does not warrant the appointment of a senior independent director.
- Provision 17: given the size of the Board, the Directors feel it is unnecessarily burdensome to set up a separate management engagement committee, and therefore the full Board reviews the performance of the Manager, as well as other service providers, annually.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. For the reasons set out in the AIC Code, the Board considers that the provisions relating to the role of chief executive, executive directors' remuneration and the need for an internal audit function are not relevant to the position of the Company, due to the size and specialised nature of the Company, the fact that all Directors are independent and non-executive, and the costs involved.

Board of Directors

The Company has a Board of five Directors, all of whom are considered independent non-executive directors under the AIC Code. 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. Fiona Wollocombe, who was appointed during the year under review, is recommended for election. Peter Lawrence has announced his intention to retire at the forthcoming AGM and will therefore not be standing for re-election. As disclosed in the Chairman's statement, following his retirement, Fiona Wollocombe will become Chairman of the Board.

The Company may by ordinary resolution appoint any person who is willing to act as a Director, either to fill a vacancy or as an additional Director. No Director has a contract of service with the Company. All of the Directors have been provided with letters of appointment, which are available for inspection by shareholders immediately before and after the Company's annual general meeting.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Manager. The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted, where practical, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

The AIC Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. This is achieved by an investment management agreement between the Company and the Manager, which sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters including strategy, investment and dividend policies, gearing and corporate governance proceedings are reserved for the approval of the Board of Directors.

All the Directors are equally responsible for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered. The Chairman and the company secretary establish the agenda for each Board meeting. The necessary papers for each meeting are distributed well in advance of each meeting ensuring all Directors receive accurate, timely and clear information.

The Directors communicate regularly with each other, and with the Manager, on ongoing business between Board meetings.

Independence of Directors and Tenure

The Board regularly reviews the independence of each Director and of the Board as a whole in accordance with the guidelines in the AIC Code. Directors' interests are noted at the start of each Board meeting and any Director would not participate in the discussion concerning any investment in which he or she had an interest. The Board does not consider that length of service will necessarily compromise the independence or effectiveness of Directors and no limit has been placed on the overall length of service, although the Board does bear in mind the nine year provision relating to independence and length of service included in the AIC Code when looking at Board succession. The Board considers that such continuity and experience can be of significant benefit to the Company and its shareholders. The Board believes that each Director has demonstrated that they are independent in character and judgment and there are no relationships or circumstances which could affect their objectivity.

Board Performance

The Board carries out a performance evaluation of the Board, committees and individual Directors each year. In 2021 the evaluation was undertaken externally by Peter Kennerley, an independent consultant, who has no other connection to the Company. The evaluation was undertaken by individual interviews with each Director, which was supported by a discussion document covering a range of topics to facilitate discussion. Key outcomes of the evaluation were:

- that the balance of skills is appropriate, and all Directors contribute fully to discussion in an open, constructive and objective way.
- the composition of the Board and its committees is considered appropriate for the effective governance of the Company. The biographies of the Directors, set out on pages 30 and 31, demonstrate the wide range of investment, commercial and professional experience and diversity of experience and background that they contribute.
- each of the board committees are performing effectively.
- succession planning was identified as a key area of focus for the Board. Succession planning of the chairman was raised as a vital point during the evaluation and the Board was pleased to appoint Fiona Wollocombe during the year, and she will succeed Peter as chairman upon his retirement from the Board at this year's AGM. Longer term succession planning was also identified during the evaluation and, particularly in light of Susannah's intention to resign from the Board, as disclosed on page 6, this will continue to be an area of focus for the Nomination Committee during 2022.

Board Committees

The Board has established three committees to assist with its operations, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the committees' delegated responsibilities are clearly defined in formal terms of reference which are available on request from the Company Secretary and can be found on Amati's website: https://www.amatiglobal.com/fund/amati-aim-vct/the-board-1.

Audit Committee

The Report of the Audit Committee is included on pages 41 to 43 and forms part of this statement.

Remuneration Committee

The Directors' Remuneration Report can be found on pages 44 to 47 to of this report.

Nomination Committee

The Nomination Committee, chaired by Julia Henderson, comprises the full Board. Given the small size of the Board, this is felt to be appropriate as permitted by the AIC Code. It meets at least once annually to make recommendations to the Board on board structure, size and composition (including the knowledge, experience, skills and diversity of the Board). The committee considers succession planning at each meeting, particularly in relation to the positions of the Chairman and the chairman of the audit committee. In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the

Company and the need to have a balance of skills and experience within the Board.

As disclosed earlier in this report, Fiona Wollocombe was appointed to the Board on 10 June 2021 after a rigorous interview process and based on an agreed set of criteria. An external recruitment agency was not used in this search.

Diversity

The Board has considered the recommendations of the AIC Code on Corporate Governance concerning gender diversity and welcomes initiatives aimed at increasing diversity generally. The Board is clear that maintaining an appropriate balance around the board table through a diverse mix of skills, experience, knowledge, length of service and background is of paramount importance and gender diversity is a significant element of this. Any search for new board candidates is conducted, and appointments made, on merit, against objective selection criteria having due regard, among other things, to the benefits of diversity on the board. The Board therefore continues to consider that it would be inappropriate to set a target and will always appoint the best person for the job based on merit, and will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age, physical ability or social background.

The Board is composed solely of non-executive Directors and has 60% female representation.

Board and Committee Meetings

The following table sets out the Directors' attendance at scheduled Board and committee meetings held during the year ended 31 January 2022.

	Board meetings		Audit committee meetings		Remuneration committee meetings		Nomination committee meetings	
Director	held	attended	held	attended	held	attended	held	attended
Peter Lawrence	4	4	3	3	1	1	2	2
Julia Henderson	4	4	3	3	1	1	2	2
Susannah Nicklin	4	4	3	3	1	1	2	2
Brian Scouler	4	4	3	3	1	1	2	2
Fiona Wollocombe*	2	2	2	2	0	0	1	1

*appointed on 10 June 2021

The Board is in regular contact with the Manager between Board meetings. In addition to the above meetings, the Board met a number of times on an ad-hoc basis during the year to discuss the prospectus and share offer and the audit tender. The Audit Committee also met additionally twice on an ad-hoc basis during the year to discuss the audit tender.

Internal Control

Details of the principal risks and internal controls applied by the Board are set out on pages 20 to 23. The disclosures on internal control and risk management procedures in the Report of the Audit Committee on page 42 form part of this Corporate Governance Statement.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Shareholders have the opportunity to meet the Board at the annual general meeting. All shareholders are welcome to attend the meeting and to ask questions of the Directors. The Board is also happy to respond to any written queries made by shareholders during the course of the year. All communication from shareholders is recorded and reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved. Amati also regularly engages with shareholders and updates on shareholder communication are provided at every Board meeting.

Highlights
Strategic Report
Reports from the Directors
Financial Statements
Information for Shareholders

The notice of the AGM accompanies this annual report, which is sent to shareholders. A separate resolution is proposed for each substantive issue. The Board and representatives of the Manager are available to answer any questions shareholders may have.

The Company also communicates with shareholders through annual and half-yearly reports, which appear on the Manager's website: www.amatiglobal.com. The Directors consider the annual report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Share Capital and Companies Act Disclosures

Details of the Company's share capital structure and other Companies Act 2006 Disclosures and details of substantial interests are set out on pages 33 and 35.

On behalf of the Board

Peter A. Lawrence
Chairman

12 April 2022

Report of the Audit Committee

Composition of the Committee

The audit committee is chaired by Brian Scouler, a chartered accountant, who has recent and relevant financial experience. The Committee comprises all of the Directors and the Board is satisfied that they have a combination of financial, investment and business experience, specifically with respect to the venture capital trust sector. Given the size of the Board, and Peter Lawrence's experience, it is felt appropriate for him to sit on the Audit Committee as permitted by the AIC Code.

Role of the Committee

During the year ended 31 January 2022 the audit committee met three times and:

- reviewed all financial statements released by the Company (including the annual and half-yearly report);
- reviewed the Company's accounting policies, including the expense allocation policy which is discussed with the Manager;
- monitored the effectiveness of the system of internal controls and risk management, including a detailed review of the Company's risk register;
- approved the independent auditor's plan and fees;
- received a report from the independent auditor following their detailed audit work, and discussed key issues arising from that work;
- led the external audit tender process and made recommendations to the Board thereon; and
- reviewed and updated its own terms of reference in accordance with the AIC Code.

The Committee additionally met twice on an ad-hoc basis during the year to discuss the audit tender.

Significant Issues considered by the Committee during the year

The Directors carried out a robust assessment of the principal risks facing the Company and concluded that the key areas of risk which threaten the business model, future performance, solvency or liquidity of the Company are:

Key risk area	Conclusion
Compliance with HM Revenue & Customs to maintain the Company's VCT status	The Manager confirmed to the audit committee that the conditions for maintaining the Company's status had been complied with throughout the year. The Company's VCT status is also reviewed by the Company's tax adviser, Philip Hare & Associates, as described on page 28.
Valuation of investments	The Manager confirmed to the audit committee that the basis of valuation for quoted and unquoted companies was consistent with the prior year and in accordance with published industry guidelines. The valuation of quoted companies on AIM or those with a full listing is generally based on bid prices, and for investments traded on SETS (London Stock Exchange's electronic trading services) is based on the last traded price. The valuation of unquoted companies takes account of the latest available information about investee companies and current market data. A comprehensive report on the valuation of unquoted investments is presented and discussed at every Board meeting; Directors are also consulted about material changes to those valuations between Board meetings.
Market decline sparked by national or global events	Black swan events such as wars and the Covid-19 outbreak cannot be predicted but can have an effect on markets. The Manager's approach to dealing with any market adjustment is to be as diversified as possible so as to not overly suffer from a decline in a particular sector. As the sector graph on page 16 shows, the VCT's investments are spread across ten sectors. The audit committee is satisfied that the Manager considers risk appropriately in its investment decision making process.

These matters are monitored regularly by the Manager and are reviewed by the Board at every Board meeting. They were also discussed with the Manager and the auditor at the audit committee meeting held to discuss the annual financial statements.

The Manager and auditor confirmed to the audit committee that they were not aware of any material unadjusted misstatements. Having reviewed the reports received from the Manager, the audit committee is satisfied that the key areas of risk and judgement have been properly 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.

Internal Control

The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. In accordance with the AIC Code and the Guidance on Risk Management published by the Financial Reporting Council in 2014, the audit committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. 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 upon 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 only provide reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the results and investment performance.

The Board has delegated contractually to third parties, as set out on page 19, the management of the investment portfolio, the custodial services, including the safeguarding of the assets, the day-to-day accounting, company secretarial and administration requirements and 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 Manager. Ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the investment management agreement with the Manager.

A bi-annual review of the control systems is carried out which covers consideration of the key risks in three major areas: corporate strategy and compliance with laws and regulations; financial management and company reporting and relationships with service providers. Each risk is considered with regard to the controls exercised at Board level, reporting by service providers and controls relied upon by the Board. The company secretary reviews the annual statutory accounts to ensure compliance with Companies Act and the AIC Code and the audit committee reviews financial information prior to its publication. The principal features of the internal control systems which the Company has in place in respect of financial reporting include segregation of duties between the review and approval of unquoted investment valuations and the recording of these valuations in the accounting records. Bank reconciliations, cash forecasts and investment valuations are produced on a weekly basis for review by the Manager. Quarterly management accounts are produced for review and approval by the Manager and the Board.

The committee has previously reviewed the need for an internal audit function. As an externally managed investment trust, it has decided that the systems and procedures employed by the Manager and the Administrator, including their risk management and internal audit functions, provide assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. Reports on internal controls from both the Custodian and the Administrator, which are reports on by independent external accountants, are received and reviewed annually. An internal audit function, specific to the Company, is therefore considered unnecessary.

Non-Audit Services

The audit committee regards the continued independence of the auditor to be a matter of the highest priority. The Company's policy with regard to the provision of non-audit services by the external auditor ensures that no engagement will be permitted if:

- the provision of the services would contravene any regulation or ethical standard;
- the auditor is not considered to be an expert provider of the non-audit services;

- the provision of such services by the auditor creates a conflict of interest for either the Board or the Manager; and
- the services are considered to be likely to inhibit the auditor's independence or objectivity as auditor.

As the Company is a Public Interest Entity listed on the London Stock Exchange, with effect from 1 April 2017, under EU legislation, a cap on the level of fees incurred for permissible non-audit services now applies and should not exceed 70% of the average audit fee for the previous three years.

No non-audit services were provided to the Company by BDO in the year under review (2021: nil).

Auditor Assessment, Independence and Audit Tender

The audit committee has managed the relationship with the independent auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the Committee considered the auditor's technical knowledge and that it has 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 that the auditor 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's fee in respect of the audit for the year ended 31 January 2022 is £35,000 (2021: £28,000).

Following professional guidelines, the audit partner rotates after five years. The year ended 31 January 2022 is Peter Smith's second year as audit partner.

Under mandatory rotation rules, the Company is required to put the external audit out to tender at least every ten years. As previously reported in the Company's 2021 Annual Report and Accounts, this mandatory tender was due in 2021, however, the Company took advantage of the Financial Reporting Council, Financial Conduct Authority and Prudential Regulation Authority COVID-19 Joint Statement that, among other things was designed to allow companies to focus on the delivery of information to investors and capital markets and allowed future postponement of auditor tenders. The Directors therefore decided to delay the required audit tender to the year ending 31 January 2022.

A tender and evaluation process was undertaken in April 2021, in which four audit firms were approached and one of which declined to tender on the basis of a conflict of interest. As a result, three firms participated in the tender and it was the recommendation of the Audit Committee, and decision of the Board, that BDO LLP be proposed at the AGM for re-appointment as independent auditor to the Company.

By order of the Board

Brian Scouler
Chairman of the Audit Committee

12 April 2022

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with the requirements of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). The Directors' Annual Report on remuneration will be put to members at the upcoming 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 included in the Independent Auditor's Report on pages 49 to 54.

The Remuneration Committee, chaired by Susannah Nicklin, comprises the full Board. Given the small size of the Board, this is felt to be appropriate as permitted by the AIC Code.

Annual Statement from the Chairman of the Company

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. The remit of the remuneration committee is to discuss fees payable to advisers (other than the Company's auditor), the terms of appointment and remuneration of the Directors and make recommendations accordingly to the Board. The Board, on the recommendation of the remuneration committee, agreed to increase annual fees during the year under review, with effect from 1 May 2021, in line with the Consumer Prices Index ("CPI"), although a small additional increase was paid to the Chairman to reflect the increased workload carried out during the year.

The remuneration committee receives a report on peer group remuneration annually and benchmarks the remuneration of the Directors against this report. The remuneration committee as a whole agrees the level of increase to Directors' fees and all Directors' fees are increased by the same percentage to avoid any conflicts of interest.

Directors' Remuneration Policy

In accordance with the requirements of Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), an ordinary resolution to approve the Directors' Remuneration Policy was approved at the Company's AGM in 2021. It is proposed that the approved policy remain in force until the AGM of in 2024, at which time a further resolution will be proposed. The approved policy is available for inspection by shareholders in the 2021 Annual Report on the Company's website:
https://www.amatiglobal.com/storage/116/AIMVCT_AnnualReport_31January2021.pdf

Directors' Annual Report on Remuneration

Terms of appointment

No Director has a contract of service with the Company. All of the Directors have been provided with letters of appointment which include details of fees payable. The letters of appointment provide that Directors are subject to re-election by shareholders at the first annual general meeting after their appointment. In accordance with corporate governance best practice, the Board has resolved that all Directors will stand for annual re-election. Their re-election is subject to shareholder approval. The letters of appointment are available for inspection on request from the company secretary. There is no period of notice to be given to terminate the letters of appointment and no provision for compensation upon early termination of appointment.

The following table shows, for each Director, the original appointment date and the annual general meeting at which they may stand for re-election.

Director	Date of original appointment	Due date for re-election
Peter Lawrence	4 May 2018	N/A*
Julia Henderson	4 May 2018	2022 AGM
Susannah Nicklin	4 May 2016	2022 AGM
Brian Scouler	4 May 2018	2022 AGM
Fiona Wollocombe	10 June 2021	2022 AGM**

* Peter Lawrence will be retiring at the 2022 AGM.
** due for election by shareholders for the first time, having been appointed during the year under review.

Directors' fees for the year (Audited)

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

	Year ended 31 January 2022 (audited)				
	Fees £	Taxable benefits £	Total £	Total Fixed remuneration £	Total variable remuneration £
Peter Lawrence	25,378	-	25,378	25,378	-
Julia Henderson	22,905	-	22,905	22,905	-
Susannah Nicklin	22,905	-	22,905	22,905	-
Brian Scouler	22,905	-	22,905	22,905	-
Fiona Wollocombe*	14,744	-	14,744	14,744	-
	108,837	**-**	**108,837**	**108,837**	**-**

* appointed on 10 June 2021

	Year ended 31 January 2021 (audited)				
	Fees £	Taxable benefits £	Total £	Total Fixed remuneration £	Total variable remuneration £
Peter Lawrence	24,960	-	24,960	24,960	-
Julia Henderson	22,575	-	22,575	22,575	-
Susannah Nicklin	22,575	-	22,575	22,575	-
Brian Scouler	22,575	-	22,575	22,575	-
	92,685	**-**	**92,685**	**92,685**	**-**

Directors are remunerated exclusively by fixed fees and do not receive bonuses, share options, long-term incentives, pension or other benefits. There have been no payments to past Directors during the financial year ended 31 January 2022, whether for loss of office or otherwise.

Annual percentage change in remuneration of Directors

Directors' pay has increased over the last two years, as set out in the table below:

	2022 £	2021 £	2020 £	Change % 2021-2022	Change % 2020-2021
Peter Lawrence	**25,378**	24,960	24,651	**1.67**	1.26
Julia Henderson	**22,905**	22,575	22,295	**1.46**	1.26
Susannah Nicklin	**22,905**	22,575	22,295	**1.46**	1.26
Brian Scouler	**22,905**	22,575	22,295	**1.46**	1.26
Fiona Wollocombe*	**14,744**	-	-	**n/a**	n/a

*appointed on 10 June 2021

The requirements to disclose this information came into force for companies with financial years starting on or after 10 June 2019. The comparison will be expanded in future annual reports until such time as it covers a five year period. The Company does not have any employees and therefore no comparisons are given in respect of employees' pay increases.

Statement of implementation of Remuneration Policy in respect of the financial year ending 31 January 2023

The Committee will, as usual, review Directors' fees during 2022, taking account of the time required to be committed to the business of the Company, Consumer Price Index increases and benchmarking information for its peer group, and will consider whether any changes to remuneration are required.

Relative importance of spend on pay

The table below shows the remuneration paid to Directors and shareholder distributions in the year to 31 January 2022 and the prior year:

	2022 £	2021 £	Percentage increase/ (decrease)
Total dividend paid to shareholders	**14,431,940**	8,484,193	70.10%
Total repurchase of own shares	**3,431,253**	3,169,737	8.25%
Total Directors' fees	**108,837**	92,685	17.43%

Directors' shareholdings (Audited)

The Directors who held office at 31 January 2022 and their interests in the shares of the Company (including beneficial and family interests) were:

	31 January 2022		31 January 2021	
	Shares held	% of issued share capital	Shares held	% of issued share capital
Peter Lawrence	**941,660**	**0.69**	859,130	0.74
Julia Henderson	**19,360**	**0.01**	17,068	0.01
Susannah Nicklin	**25,777**	**0.02**	20,396	0.02
Brian Scouler	**60,381**	**0.04**	52,669	0.05
Fiona Wollocombe*	**13,755**	**0.01**	-	-

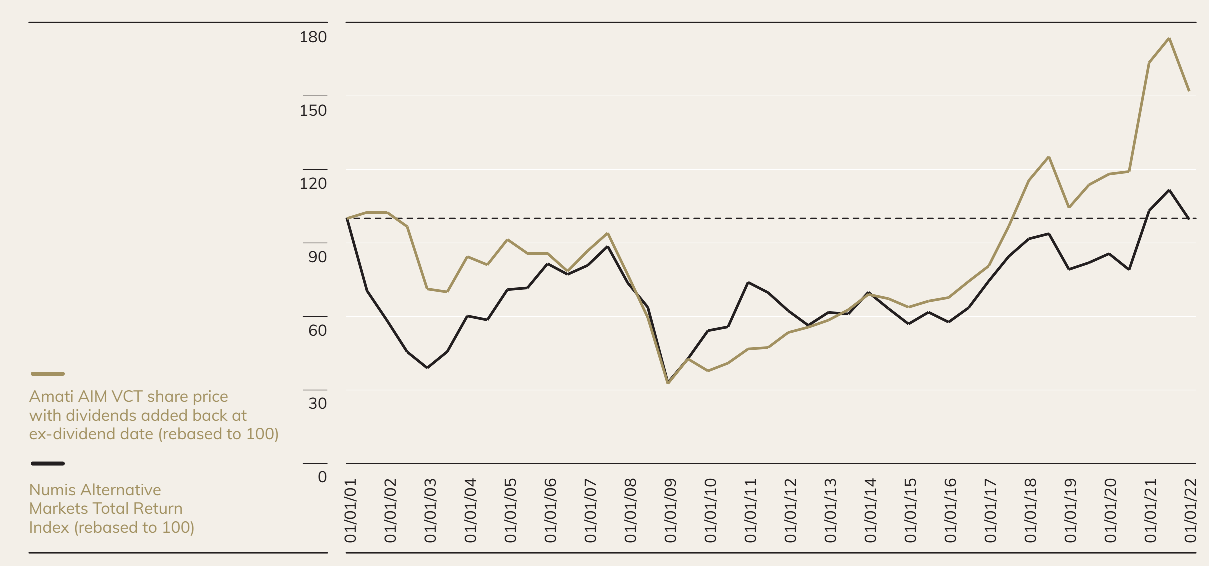
*appointed on 10 June 2021

Subsequent to the year end Fiona Wollocombe's beneficial interest increased by 6,008 shares and Susannah Nicklin's beneficial interest increased by 4,807 shares, both under the Offer on 2 March 2022.

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

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 Manager through the investment management agreement. The graph below compares the Company's share price with dividends added back at the ex-dividend date to the Numis Alternative Markets Total Return Index for the period from the launch of the Company. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Shareholder Voting

At the AGM held on 9 June 2021 98.56% of shareholders voted for, 1.44% voted against and 70,621 shares were withheld in respect of the resolution approving the Directors' Remuneration Report and 98.42% of shareholders voted for the Remuneration Policy with 1.58% voting against and 86,746 shares withheld.

On behalf of the Board

Susannah Nicklin
Chairman of the Remuneration Committee

12 April 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK Financial Reporting Standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the company's financial statements and have elected to prepare the company financial statements in accordance with UK Financial Reporting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for the company for that period.

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

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

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

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy.

Website Publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

On behalf of the Board

Peter A. Lawrence
Chairman

12 April 2022

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

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Amati AIM VCT PLC (the 'Company') for the year ended 31 January 2022 which comprise the income statement, the statement of changes in equity, the balance sheet, the statement of cashflows 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) and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

Following the conclusion of a formal tender process in 2021, we were re-appointed by shareholders at the AGM on 9 June 2021, subsequent to our original appointment by shareholders at the AGM on 14 June 2011 to audit the financial statements for the year ended 31 January 2011 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 12 years, covering the years ending 31 January 2011 to 31 January 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status.
- Reviewing and challenging the forecasted cash flows that support the Directors' assessment of going concern, taking into account the current levels of cash and considering the discretionary nature of the Company's significant cash outflows.
- Considering the impact of market volatility and uncertainty, including as a result of the impact of Russian aggression in Ukraine.
- Calculating financial ratios to ascertain the financial health of the Company.

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

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

Independent Auditor's Report (continued)

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

Overview

	2022	2021
Key audit matters		
Valuation and ownership of investments	✓	✓
Materiality		
£1.9m (2021: £2.1m) based on 1% of total adjusted net assets (2021: 1% of total investments)		

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (note 1 and 8) We considered the valuation and ownership of investments to be the most significant audit area as investments represent the most significant balance in the financial statements and underpin the principal activity of the entity. Incorrect bid prices could be used in the valuation of quoted investments. Incorrect assumptions could be used in the valuation of unquoted investments. Investments could be included in the valuation where the Company does not have title to those investments. For these reasons, we considered the valuation and ownership of investments to be a key audit matter.	We responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures: In respect of quoted investment valuations (96% of the total portfolio by value) we have: • Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value. • Obtained direct confirmation of ownership from the custodian regarding all investments held at the balance sheet date. • Recomputed the total valuation and compared it to the valuations used by management In respect of unquoted investment valuations (remaining 4% of the total portfolio by value) we have: • Obtained direct confirmation of ownership from the custodian / investee entity at the balance sheet date. • Confirmed and challenged the assumptions and underlying evidence supporting the year end valuations are in line with UK GAAP and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. • Considered the economic environment in which the company operates to identify factors that could impact the investment valuation. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments.

Our application of materiality

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

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

	Company financial statements	
	2022 £m	2021 £m
Materiality	1.9	2.1
Basis for determining materiality	1% of net assets adjusted to exclude fund raising during the year	1% of total investments
Rationale for the benchmark applied	The VCT's portfolio is mainly comprised of quoted investments, which are considered low risk. For a low risk portfolio where fair values are highly visible, a base line percentage of 1% invested assets would be a typical benchmark. We have applied a percentage of 1% of adjusted net asset value. The benchmark used is lower than the net asset value to take into account cash that has been recently raised from disposals of investments.	We considered gross investments to be the most appropriate benchmark considering the level of judgement inherent in the valuation and the range of reasonable alternative valuations.
Performance materiality	1.4	1.5
Basis for determining performance materiality	75% of Materiality The level off performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transaction in the year.	

Lower Threshold

Revenue return could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. Thus, we have set a lower testing threshold for those items impacting revenue return of £497,000 (2021: £365,000) which is based on 10% of gross expenditure.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £38,000 (2021: £42,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Corporate governance statement

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

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

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

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Chapter 3 Part 6 of the Income Tax Act 2007, the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and international accounting standards in conformity with the requirements of the Companies Act 2006. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

We 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;
- the procedures performed in the Key Audit Matters section above;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management of any known, reported or indications of non-compliance with laws and regulations including fraud occurring within the Company and its operations;
- review of minutes of board meetings throughout the period for any indications of non-compliance with laws and regulation and instances of fraud; and
- testing of journal postings made during the year to identify potential management override of controls.

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

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

12 April 2022

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

Income Statement

for the year ended 31 January 2022

	Note	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000
(Loss)/gain on investments	8	**-**	**(18,123)**	**(18,123)**	-	69,766	69,766
Income	2	**701**	**-**	**701**	567	-	567
Investment management fees	3	**(1,115)**	**(3,345)**	**(4,460)**	(799)	(2,398)	(3,197)
Other expenses	4	**(514)**	**-**	**(514)**	(455)	-	(455)
(Loss)/profit on ordinary activities before taxation		**(928)**	**(21,468)**	**(22,396)**	(687)	67,368	66,681
Taxation on ordinary activities	5	**-**	**-**	**-**	-	-	-
(Loss)/profit and total comprehensive income attributable to shareholders		(928)	(21,468)	(22,396)	(687)	67,368	66,681
Basic and diluted (loss)/earnings per ordinary share	7	(0.73)p	(16.93)p	(17.66)p	(0.64)p	62.76p	62.12p

The total column of this Income Statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice ('AIC SORP'). There is no other comprehensive income other than the results for the year discussed above. Accordingly a Statement of Total Comprehensive Income is not required.

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

The notes on pages 60 to 75 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 January 2022

	Share capital £'000	Share premium £'000	Non-distributable reserves Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
Opening balance as at 1 February 2021	5,780	61,635	425	731	107,450
(Loss)/profit and total comprehensive income for the year	-	-	-	-	(26,784)
Contributions by and distributions to shareholders:					
Repurchase of shares	(88)	-	-	88	-
Shares issued	1,144	48,216	-	-	-
Costs of share issues	-	(306)	-	-	-
Dividends paid	-	-	-	-	-
Total contributions by and distributions to shareholders	1,056	47,910	-	88	-
Closing balance as at 31 January 2022	**6,836**	**109,545**	**425**	**819**	**80,666**

for the year ended 31 January 2021

	Share capital £'000	Share premium £'000	Non-distributable reserves Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
Opening balance as at 1 February 2020	4,703	26,084	425	629	35,762
Profit/(loss) and total comprehensive income for the year	-	-	-	-	71,688
Contributions by and distributions to shareholders:					
Repurchase of shares	(102)	-	-	102	-
Shares issued	1,179	35,875	-	-	-
Costs of share issues	-	(324)	-	-	-
Dividends paid	-	-	-	-	-
Total contributions by and distributions to shareholders	1,077	35,551	-	102	-
Closing balance as at 31 January 2021	5,780	61,635	425	731	107,450

The accompanying notes on pages 60 to 75 are an integral part of these financial statements.

	Distributable reserves			
	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
	75,023	(11,420)	(1,345)	238,279
	-	5,316	(928)	(22,396)
	(3,431)	-	-	(3,431)
	-	-	-	49,360
	-	-	-	(306)
	(14,432)	-	-	(14,432)
	(17,863)	-	-	31,191
	57,160	**(6,104)**	**(2,273)**	**247,074**

	Distributable reserves			
	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
	86,479	(7,100)	(658)	146,324
	-	(4,320)	(687)	66,681
	(3,170)	-	-	(3,170)
	-	-	-	37,054
	198	-	-	(126)
	(8,484)	-	-	(8,484)
	(11,456)	-	-	25,274
	75,023	(11,420)	(1,345)	238,279

Balance Sheet
as at 31 January 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments held at fair value	8	**214,737**	215,398
Current assets			
Debtors	9	**1,972**	46
Cash at bank		**31,833**	24,967
Total current assets		**33,805**	25,013
Current liabilities			
Creditors: amounts falling due within one year	10	**(1,468)**	(2,132)
Net current assets		**32,337**	22,881
Total assets less current liabilities		**247,074**	238,279
Capital and reserves			
Called up share capital*	11	**6,836**	5,780
Share premium account*		**109,545**	61,635
Merger reserve*		**425**	425
Capital redemption reserve*		**819**	731
Capital reserve (non-distributable)*		**80,666**	107,450
Special reserve		**57,160**	75,023
Capital reserve (distributable)		**(6,104)**	(11,420)
Revenue reserve		**(2,273)**	(1,345)
Equity shareholders' funds		**247,074**	238,279
Net asset value per share	12	**180.7p**	206.1p

* These reserves are not distributable.

The financial statements on pages 55 to 59 were approved and authorised for issue by the Board of Directors on 12 April 2022 and were signed on its behalf by

Peter A. Lawrence
Chairman

Company Number 04138683

The accompanying notes on pages 60 to 75 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 January 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Investment income received	**626**	512
Investment management fees	**(4,427)**	(2,796)
Other operating costs	**(485)**	(449)
Net cash outflow from operating activities	**(4,286)**	(2,733)
Cash flows from investing activities		
Purchases of investments	**(32,872)**	(15,991)
Disposals of investments	**13,596**	2,593
Net cash outflow from investing activities	**(19,276)**	(13,398)
Net cash outflow before financing	**(23,562)**	(16,131)
Cash flows from financing activities		
Proceeds of share issues*	**46,748**	35,570
Cost of share issues	**(306)**	(126)
Payments for share buy-backs	**(4,194)**	(2,437)
Equity dividends paid*	**(11,820)**	(7,000)
Net cash inflow from financing activities	**30,428**	26,007
Increase in cash	**6,866**	9,876
Reconciliation of net cash flow to movement in net cash		
Increase in cash during the year	**6,866**	9,876
Net cash at 1 February	**24,967**	15,091
Net cash at 31 January	**31,833**	24,967
Reconciliation of (Loss)/Profit on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities		
(Loss)/profit on ordinary activities before taxation	**(22,396)**	66,681
Net loss/(gain) on investments	**18,123**	(69,766)
Less dividends reinvested	**(71)**	(67)
Increase in creditors, excluding corporation tax payable	**64**	406
(Increase)/decrease in debtors	**(6)**	13
Net cash outflow from operating activities	**(4,286)**	(2,733)

* Adjusted to exclude non-cash dividends re-invested under the Dividend Re-investment Scheme.

The accompanying notes on pages 60 to 75 are an integral part of these financial statements.

Notes to the Financial Statements

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the AIC SORP.

Basis of Preparation

The functional currency of the Company is Pounds Sterling because this is the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pounds Sterling rounded to the nearest thousand, except where otherwise indicated.

Going Concern

The financial statements have been prepared on a going concern basis and on the basis that the Company maintains VCT Status.

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

In making this assessment, the Directors have considered in particular the likely economic effects and the impacts of the war taking place in Ukraine, rising inflation and interest rates and the effects of the COVID-19 pandemic on the Company, operations and investment portfolio.

The Directors noted that the Company, with the current cash balance and holding a portfolio of liquid listed investments, is able to meet the obligations of the Company as they fall due. The cash available enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist them in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager has considered plausible downside scenarios. These tests included the modelling of a reduction in income of 50%, increase in costs of 50% and a reduction in net asset value of 50%, any or all of which could apply to any set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors, the Investment Manager and the Company's other service providers have put in place contingency plans to minimise disruption. The Board was satisfied that there has been minimal impact to the services provided during the year and are confident that this will continue. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities and the allocation of income and expenses that are not apparent from other sources. The nature of estimation means that the actual outcomes could differ from those estimates, possibly significantly.

The most critical estimates and judgments relate to the determination of carrying value of unquoted investments at fair value through profit or loss. The policies for these are set out in the notes to the financial statements below. The Company values unquoted investments by following the International Private Equity Venture Capital Valuation ("IPEV") guidelines. Further areas requiring judgement and estimation are recognising and classifying unusual or special dividends received as either capital or revenue in nature. The estimates and underlying assumptions are reviewed on an ongoing basis. There are no further significant judgements or estimates in these financial statements.

Income

Dividends receivable on quoted equity shares are taken to revenue on an ex-dividend basis except where, in the opinion of the Directors, their nature indicates they should be recognised in the Capital Account. Where no ex-dividend date is quoted, dividends are brought into account when the Company's right to receive payment is established.

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis, provided there is no reasonable doubt that payment will be received in due course.

Interest receivable is included in the accounts on an accruals basis. Where interest is rolled up or payable on redemption it is recognised as income unless there is reasonable doubt as to its receipt.

All other income is accounted for on a time-apportioned accrual basis and is recognised in the Income Statement.

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 prescribed 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.

Issue costs in respect of ordinary shares issued by the Company are deducted from the share premium account.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are only recognised when they arise from timing differences where recovery in the foreseeable future is regarded as more likely than not. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is not discounted.

1 Accounting Policies (continued)

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as a particular item to which it relates, using the Company's effective rate of tax, as applied to those items allocated to revenue, for the accounting year.

No tax liability arises on gains from sales of fixed asset investments by the Company by virtue of its VCT status.

Investments

In accordance with FRS 102, Sections 11 and 12, all investments held by the Company are designated as held at fair value upon initial recognition and are measured at fair value through profit or loss in subsequent accounting periods. Investments are initially recognised at cost, being the fair value of the consideration given. After initial recognition, investments are measured at fair value, with changes in the fair value of investments recognised in the Income Statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

In respect of investments that are traded on AIM or are fully listed, these are valued at bid prices at close of business on the Balance Sheet date. Investments traded on SETS (London Stock Exchange's electronic trading service) are valued at the last traded price as this is considered to be a more accurate indication of fair value.

Fair values for unquoted investments, or for investments for which the market is inactive, are established by using various valuation techniques in accordance with IPEV guidelines. These are constantly monitored for value and impairment. The values and impairment, if any, are approved by the Board. The shares may be valued by using the most appropriate methodology recommended by the IPEV guidelines, including revenue multiples, net assets, discounted cashflows and industry valuation benchmarks.

Convertible loan stock instruments are valued using present value of future payments discounted at a market value of interest for a similar loan and valuing the option at fair value.

Contingent Value Rights (CVRs) pay out if certain hurdles are achieved and are valued at the amount payable per share on achievement of those hurdles, discounted for certain probabilities and the time to the value date to reflect the illiquidity of the holdings, and further discounted for payment, if it becomes due, being made either in the form of loan notes or shares issue at market value.

The valuation of the Company's investment in TB Amati UK Smaller Companies Fund is based on the published share price. The valuation is provided by the Authorised Corporate Director of the fund, T Bailey Fund Managers Limited.

Financial Instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Company becomes a party to the contractual provisions of the instrument. All financial instruments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, with changes in the fair value recognised in the Income Statement and allocated to capital.

Financial instruments are derecognised on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Cash and Cash Equivalents

For the purposes of the Balance Sheet, cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments and money market funds that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Foreign Currency

Foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the year are converted into sterling at the rates ruling at the time the transactions are executed. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is of a capital or revenue nature.

Short-term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses upon notification.

Dividends Payable

Final dividends are included in the financial statements when they are approved by shareholders. Interim dividends payable are included in the financial statements on the date on which they are paid.

Share Premium

The share premium account is a non-distributable reserve which represents the accumulated premium paid on the issue of shares in previous periods over the nominal value, net of any expenses.

Merger Reserve

The merger reserve is a non-distributable reserve which originally represented the share premium on shares issued when the Company merged with Singer & Friedlander AIM VCT and Singer & Friedlander AIM 2 VCT in February 2006. The merger reserve is released to the realised capital reserve as the assets acquired as a consequence of the merger are subsequently disposed of or permanently impaired. There have been no disposals of these assets during the year.

Capital Redemption Reserve

The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of shares.

Special Reserve

The special reserve is a distributable reserve which was created by the authorised reduction of the share premium account and can be applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Companies Act 2006) are able to be applied.

1 Accounting Policies (continued)

Capital Reserve

The following are taken to the capital reserve through the capital column in the Income Statement:

Capital reserve – other, forming part of the distributable reserves:

- gains and losses on the disposal of investments;
- realised exchange gains and losses of a capital nature; and
- expenses allocated to this reserve in accordance with the above policies

Capital reserve – investment holding gains, not distributable:

- increase and decrease in the value of investments held at the year end; and
- unrealised exchange gains of a capital nature.

Revenue Reserve

The revenue reserve represents accumulated profits and losses and any surplus profit is distributable by way of dividends.

2 Income

	Year to 31 January 2022 £'000	Year to 31 January 2021 £'000
Income:		
Dividends from UK companies	**701**	554
Interest from deposits	**-**	13
	701	567

3 Management Fees

The Manager provides investment management and administration, secretarial and fund accounting services to the Company under an Investment Management Agreement ("IMA") and a Fund Administration, Secretarial Services and Fund Accounting Agreement ("FASSFAA"). Details of these agreements are given on page 19.

Under the IMA the Manager receives an investment management fee of 1.75% of the net asset value of the Company quarterly in arrears.

The Company received a rebate of its management fee for the investment in the TB Amati UK Smaller Companies Fund.

The investment management fee for the year was as follows:

	Year to 31 January 2022 £'000	Year to 31 January 2021 £'000
Due to the Manager by the Company at 1 February	**1,016**	615
Investment management fee charged to revenue and capital for the year	**4,460**	3,197
Fee paid to the Manager during the year	**(4,427)**	(2,796)
Due to the Manager by the Company at 31 January	**1,049**	1,016

In addition to the investment management fee the Manager also receives a secretarial and administration fee of £96,000 (2021: £95,000) paid quarterly in arrears. As detailed in the Fund Management and Key Contracts on page 19, the original investment management agreement from 2010 was revised and updated in two separate agreements on 30 September 2019, a IMA and a FASSFAA. The FASSFAA's updated fee allowed for the costs incurred by the Manager for fund administration, secretarial services and fund accounting to be fully recovered from the Company where they had not been previously. The fee level in the FASSFAA is subject to an annual increase in line with the retail prices index; with effect from 01 February 2021 the annual increase will be in line with consumer price index. See note 4.

No performance fee is payable in respect of the year ended 31 January 2022, as the Manager has waived all performance fees from 31 July 2014 onwards.

Annual running costs are capped at 3.5% of the Company's net assets. If the annual running costs of the Company in any year are greater than 3.5% of the Company's net assets, the excess is met by the Manager by way of a reduction in future management fees. The annual running costs include the Directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fee payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

4 Other Expenses

	Year to 31 January 2022 £'000	Year to 31 January 2021 £'000
Directors' remuneration	**109**	93
Directors' employer's national insurance	**4**	4
Directors' expenses	**2**	-
Auditor's remuneration – audit of statutory financial statements	**35**	30
Administration and secretarial services	**94**	94
Other expenses	**270**	234
	514	455

The Company has no employees. The Directors are therefore the only key management personnel.

Details of Directors' remuneration are provided in the audited section of the directors' remuneration report on page 45.

5 Tax on Ordinary Activities

5a Analysis of charge for the year

	Year to 31 January 2022 £'000	Year to 31 January 2021 £'000
Charge for the year	**-**	-

5 Tax on Ordinary Activities (continued)

5b Factors affecting the tax charge for the year

	Year to 31 January 2022 £'000	Year to 31 January 2021 £'000
(Loss)/profit on ordinary activities before taxation	**(22,396)**	66,681
Corporation tax at standard rate of 19% (2021: 19%)	**(4,255)**	12,669
Effect of:		
Non-taxable dividends	**(133)**	(105)
Non-taxable losses/(gains) on investments	**3,443**	(13,255)
Movement in excess management expenses	**945**	691
Tax charge for the year (note 5a)	**-**	-

Due to the Company's tax status as an approved Venture Capital Trust, deferred tax has not been provided on any net capital gains arising on the disposal of investments as such gains are not taxable.

No deferred tax asset has been recognised on surplus management expenses carried forward as it is not envisaged that future taxable profit will be available against which the Company can use the benefits. The amount of unrecognised deferred tax asset is £5,992,000 (31 January 2021: £3,609,000). These values reflect prospective corporate tax rates of 25% and 19% substantively enacted at the respective balance sheet dates.

6 Dividends

Amounts recognised as distributions to equity holders during the year:

	2022 Revenue £'000	2022 Capital £'000	2021 Revenue £'000	2021 Capital £'000
Second interim dividend for the year ended 31 January 2020 of 4.25p per ordinary share paid on 24 July 2020	**-**	**-**	-	4,472
Interim dividend for the year ended 31 January 2021 of 3.50p per ordinary share paid on 27 November 2020	**-**	**-**	-	4,012
Final dividend for the year ended 31 January 2021 of 7.00p per ordinary share paid on 23 July 2021	**-**	**8,278**	-	-
Interim dividend for the year ended 31 January 2022 of 4.50p per ordinary share paid on 26 November 2021	**-**	**6,154**	-	-
	-	**14,432**	-	8,484

Set out below are the interim and final dividends paid or proposed on ordinary shares in respect of the financial year:

	2022 Revenue £'000	2022 Capital £'000	2021 Revenue £'000	2021 Capital £'000
Interim dividend for the year ended 31 January 2022 of 4.50p per ordinary share (2021: 3.50p)	**-**	**6,154**	-	4,012
Declared final dividend for the year ended 31 January 2022 of 4.50p per ordinary share (2021: 7.00p)*	**-**	**6,698**	-	8,278
	-	**12,852**	-	12,290

* Based on shares in issue on 12 April 2022. The payment of a final dividend will, as always, be subject to ensuring that the Company has sufficient distributable reserves at the time of payment.

7 Earnings per Share

	2022			2021		
	Net(loss) /profit £'000	Weighted average shares	Basic and diluted Earnings per share pence	Net(loss) /profit £'000	Weighted average shares	Basic and diluted Earnings per share pence
Revenue	**(928)**		**(0.73)p**	(687)		(0.64)p
Capital	**(21,468)**		**(16.93)p**	67,368		62.76p
Total	**(22,396)**	**126,840,235**	**(17.66)p**	66,681	107,332,617	62.12p

8 Investments

	Level 1* £'000	Level 2* £'000	Level 3* £'000	Total £'000
Opening cost as at 1 February 2021	107,385	-	2,054	109,439
Opening investment holding gains	107,381	-	69	107,450
Opening unrealised loss recognised in realised reserve	(228)	-	(1,263)	(1,491)
Opening fair value as at 1 February 2021	**214,538**	**-**	**860**	**215,398**
Analysis of transactions during the year:				
Realised (losses)/gains on sales	(679)	-	744	65
Unrealised losses on investments	(18,167)	-	(21)	(18,188)
Purchases at cost	27,977	-	5,000	32,977
Sales proceeds received	(14,644)	-	(871)**	(15,515)
Closing fair value as at 31 January 2022	**209,025**	**-**	**5,712**	**214,737**
Closing cost as at 31 January 2022	128,607	-	6,955	135,562
Closing investment holding gains as at 31 January 2022	80,646	-	20	80,666
Closing unrealised loss recognised in realised reserve as at 31 January 2022	(228)	-	(1,263)	(1,491)
Closing fair value as at 31 January 2022	**209,025**	**-**	**5,712**	**214,737**
Equity shares	209,025	-	501	209,526
Preference shares	-	-	-	-
CVRs	-	-	711	711
Convertible loan notes	-	-	4,500	4,500
Closing fair value as at 31 January 2022	**209,025**	**-**	**5,712**	**214,737**

* Refer to note 14 for definitions
** Includes final repayment of China Food Company plc Loan Notes now fully disposed.

8 Investments (continued)

Holdings of ordinary shares in unquoted companies rank pari passu for voting purposes. Preference shares and CVRs have no voting rights.

The Company received £15,515,000 (2021: £2,381,000) from the sale of investments in the year. The bookcost of these investments when they were purchased was £6,855,000 (2021: £3,825,000). These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

	2022 £'000	2021 £'000
Realised gains on disposal	**65**	911
Unrealised (losses)/gains on investments during the year	**(18,188)**	68,855
Net (losses)/gains on investments	**(18,123)**	69,766

Transaction Costs

During the year the Company incurred transaction costs of £44,000 (31 January 2021: £nil) and £8,000 (31 January 2021: £3,000) on purchases and sales of investments respectively. These amounts are included in the gain on investments as disclosed in the income statement.

9 Debtors

	2022 £'000	2021 £'000
Receivable for investments sold	**1,919**	-
Prepayments and accrued income	**53**	46
	1,972	46

10 Creditors: Amounts Falling due within One Year

	2022 £'000	2021 £'000
Payable for share buy-backs	**249**	1,012
Payable for investments bought	**34**	-
Other creditors	**1,185**	1,120
	1,468	2,132

11 Called Up Share Capital

Ordinary shares (5p shares)	2022 Number	2022 £'000	2021 Number	2021 £'000
Allotted, issued and fully paid at 1 February	**115,589,550**	**5,780**	94,039,012	4,703
Issued during the year	**22,880,426**	**1,144**	23,589,915	1,179
Repurchase of own shares for cancellation	**(1,749,179)**	**(88)**	(2,039,377)	(102)
At 31 January	**136,720,797**	**6,836**	115,589,550	5,780

During the year a total of 1,749,179 ordinary shares of 5p each were purchased by the Company at an average price of 1.96p per share.

Further details of the Company's share capital and associated rights are shown in the Directors' Report on page 33.

12 Net Asset Value per Ordinary Share

	2022			2021		
	Net assets £'000	Ordinary shares	NAV per share pence	Net assets £'000	Ordinary shares	NAV per share pence
Ordinary share	**247,074**	**136,720,797**	**180.7**	238,279	115,589,550	206.1

13 Significant Interests

The Company has the following significant interests (amounting to an investment of 3% or more of the equity capital of an undertaking):

	Nominal	% held
Falanx Group Limited	80,500,000	15.3
Northcoders Group plc	1,000,000	14.4
Polarean Imaging plc	25,114,469	12.0
Getech Group plc	7,727,000	11.6
Leisurejobs.com Limited	58,688	11.4
Ixico plc	5,031,300	10.5
Rosslyn Data Technologies plc	35,274,692	10.4
Fusion Antibodies plc	2,341,463	9.0
Hardide plc	4,521,963	8.1
One Media iP Group plc	17,714,000	8.0
Block Energy plc	51,136,000	7.8
Glantus Holdings plc	2,941,176	7.8
Saeitta Group plc	5,364,232	6.3
Rua Life Sciences plc	1,358,348	6.1
Intelligent Ultrasound plc	15,869,000	5.9
Sosandar plc	12,480,000	5.6
Diurnal Group plc	9,500,000	5.6
Byotrol plc	25,000,001	5.5
Aptamer Group plc	3,142,042	4.6
Zenova Group plc	3,947,368	4.2
Water Intelligence plc	814,660	4.2
Tristel plc	1,844,046	3.9
Velocys plc	53,987,142	3.9
Eden Research plc	14,282,652	3.8
Kinovo plc	2,155,010	3.5
Velocity Composites plc	1,150,294	3.2
Arecor Therapeutics plc	840,708	3.0

14 Financial Instruments

The Company's financial instruments comprise equity, CVRs and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy to invest in qualifying investments predominantly in AIM traded companies or companies to be traded on AIM.

Classification of financial instruments

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

	2022 Book value £'000	2022 Fair value £'000	2021 Book value £'000	2021 Fair value £'000
Assets at fair value through profit or loss				
Investments	**214,737**	**214,737**	215,398	215,398
Assets measured at amortised cost:				
Accrued income and other debtors	**1,972**	**1,972**	46	46
Cash at bank	**31,833**	**31,833**	24,967	24,967
Liabilities (amounts due within one year) measured at amortised cost:				
Payable for investments bought	**(282)**	**(282)**	(1,007)	(1,007)
Accrued expenses	**(1,186)**	**(1,186)**	(1,125)	(1,125)
Total for financial instruments	**247,074**	**247,074**	238,279	238,279

Investments (see note 8) are measured at fair value. For quoted securities this is generally the bid price or, in the case of SETS securities, the last traded price. As explained in note 8, unquoted investments are valued in accordance with the IPEV guidelines. Changing one or more inputs for level 3 assets would not have a significant impact on the valuation. For example, revenue multiple calculations are used to value some unquoted equity holdings. These multiples are derived from a basket of comparable quoted companies, with appropriate discounts applied. These discounts are subjective and based on the Manager's experience. In respect of unquoted investments, these are valued by the Directors using rules consistent with IPEV guidelines. Investments in TB Amati UK Smaller Companies Fund are based on the published fund mid-price NAV. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

The Company measures fair values using the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

The Company's level 1 investments are AIM traded companies and fully listed companies.

Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

The Company's level 2 assets are valued using models with significant observable market parameters.

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Level 3 fair values are measured using a valuation technique that is based on data from an unobservable market. Discussions are held with management, statutory accounts, management accounts and cashflow forecasts are obtained, and fair value is based on multiples of revenue.

Financial assets at fair value

	Year ended 31 January 2022 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Year ended 31 January 2021 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity shares	**209,025**	**-**	**501**	**209,526**	214,538	-	81	214,619
Preference shares	**-**	**-**	**-**	**-**	-	-	47	47
CVRs	**-**	**-**	**711**	**711**	-	-	732	732
Convertible loan notes	**-**	**-**	**4,500**	**4,500**	-	-	-	-
	209,025	**-**	**5,712**	**214,737**	214,538	-	860	215,398

Level 3 financial assets at fair value

	Year ended 31 January 2022 Equity shares £'000	Preference shares £'000	Loan stock £'000	CVR £'000	Total £'000	Year ended 31 January 2021 Equity shares £'000	Preference shares £'000	Loan stock £'000	CVR £'000	Total £'000
Opening balance at 1 February	**81**	**47**	**-**	**732**	**860**	81	47	-	339	467
Purchases at cost	**500**	**-**	**4,500**	**-**	**5,000**	-	-	-	-	-
Disposal proceeds	**(353)**	**(207)**	**(311)**	**-**	**(871)**	-	-	(93)	-	(93)
Total net gains/(losses) recognised in the income statement	**273**	**160**	**311**	**(21)**	**723**	-	-	93	393	486
Closing balance at 31 January	**501**	**-**	**4,500**	**711**	**5,712**	81	47	-	732	860

The fair value of the Level 3 investments are derived as follows:

Equity shares are valued by using revenue multiples, net assets, discounted cashflows and industry valuation benchmarks.

Contingent Value Rights (CVRs) pay out if certain hurdles are achieved and are valued at the amount payable per share on achievement of those hurdles, discounted for certain probabilities and the time to the value date to reflect the illiquidity of the holdings, and further discounted for payment, if it becomes due, being made either in the form of loan notes or shares issued at market value.

Convertible Loan Notes (CLNs) are valued using the present value of future payments, benchmarking to a similar CLN. The value will also be referenced to the underlying assets held and disclosures made by the underlying investee company.

15 Risks

The identified risks arising from the financial instruments are market risk (which comprises market price risk and foreign currency risk), liquidity risk and credit and counterparty risk.

The Board and Investment Manager consider and review the risks inherent in managing the Company's assets which are detailed below.

16 Market Risk

Market risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding positions by the way of price movements, interest rate movements and exchange rate movements.

The Company's strategy on the management of market risk is driven by the Company's investment objective as outlined on page 17. The management of market risk is part of the investment management process. The Board seeks to mitigate the internal risks by setting policy, regular reviews of performance, enforcement of contractual obligations and monitoring progress and compliance with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in unquoted stocks and AIM traded companies, by their nature, involve a higher degree of risk than investments in the Main Market. Some of that risk can be mitigated by diversifying the portfolio across business sectors and asset classes. The Company's overall market positions are regularly monitored by the Board and at quarterly Board meetings.

Market price risk

Market price risk arises from any fluctuations in the value of investments held by the Company. Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to shareholders.

The assessment of market risk is based on the Company's portfolio as held at the year end. The assessment uses the AIM All-Share Index as a proxy for the AIM Qualifying Investments and quoted Non-Qualifying Investments and illustrates, based on historical price movements, their potential change in value to the AIM All-Share Index.

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

As at 31 January 2022 97.34% (31 January 2021: 99.60%) of the Company's investments are traded. A 30% decrease in stock prices as at 31 January 2022 would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by £62,708,000 (31 January 2021: £64,361,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and turned the loss into a profit for the year by an equal amount.

As at 31 January 2022 2.66% (31 January 2021: 0.40%) of the Company's investments are in unquoted companies held at fair value. A change in market inputs that would result in a 30% decrease in the valuations of unquoted investments at 31 January 2022 would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by £1,714,000 (31 January 2021: £258,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and reduced the loss for the year by an equal amount.

Currency risk

The Company's performance is measured in sterling, a proportion of the Company's assets may be either denominated in other currencies or are in investments with currency exposure. Any income denominated in a foreign currency is converted into sterling upon receipt. At the Balance Sheet date, the Company exposure to USD consisted of investments of £2,846,000 (31 January 2021: £860,000).

A 5% rise or decline of Sterling gains foreign currency (i.e. non Pounds Sterling) assets and liabilities held at the year end would have increased/decreased the net asset value by £142,000 (2021: £43,000).

Interest Rate Risk

Interest rate movements may affect the level of income receivable on cash deposits and any fixed interest securities. The Company holds two fixed interest investments £4,500,000 (2020: £nil). Interest receivable is determined by whether the underlying investee companies of the Convertible Loan Notes held will list on AIM.

The Company holds a cash balance at 31 January 2022 of £31,833,000 (2021: £24,967,000). If the level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £318,000 (2021: £249,000). Management proactively manages cash balances. If there were a fall of 1% in interest rates, it would potentially impact the Company by turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase of £318,000 (2021: £249,000).

17 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At 31 January 2022, the financial assets exposed to credit risk, representing convertible loan stock instruments, amounts due from brokers, accrued income and cash amounted to £38,267,000 (31 January 2021: £25,013,000). The convertible loan in Sorbic International plc is secured over the buildings and land use rights of the companies.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved, the high credit quality of the brokers used and the fact that almost all transactions are on a 'delivery versus payment' basis. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are tradeable on AIM are held by The Bank of New York Nominees, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

At 31 January 2022, cash held by the Company was held by The Bank of New York Mellon. Bankruptcy or insolvency of the institutions may cause the Company's rights with respect to the cash held by it to be delayed or limited. Should the credit quality or the financial position of the institutions deteriorate significantly the Company has the ability to move the cash at short notice. The Board monitor the credit worthiness of BNYM, currently rated at Aa1 (Moody's).

There were no significant concentrations of credit risk to counterparties at 31 January 2022 or 31 January 2021.

18 Liquidity Risk

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to quickly liquidate some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The proportion of the portfolio invested in unlisted equity investments is not considered significant given the amount of investments in readily realisable securities.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described in the Strategic Report on pages 20 to 23. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2022, these investments were valued at £132,107,000 (31 January 2021: £159,776,000). The Directors consider that frequently traded AIM investments with a market capitalisation of greater than £200m represent readily realisable securities. The Company is a closed-end fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

19 Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to satisfy the relevant HMRC requirements; and
- to maximise the income and capital return to its shareholders.

As a VCT, the Company must have, within 3 years of raising its capital, at least 80% by value of its investments in VCT qualifying holdings, which are relatively high-risk UK smaller companies. In addition at least 30% of new money raised during an accounting period must be invested in qualifying holdings within 12 months of the end of the financial year in which the funds are raised. In satisfying these requirements, the Company's capital management scope is restricted. The Company does have the option of maintaining or adjusting its capital structure by varying dividends, returning capital to shareholders, issuing new shares or selling assets to maintain a certain level of liquidity. There has been no change in the objectives, policies or processes for managing capital from the previous year.

The structure of the Company's capital is described in note 11 and details of the Company's reserves are shown in the Statement of Changes in Equity on pages 56 and 57.

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the premium or discount);
- the need for new issues of shares; and
- the extent to which revenue in excess of that which is to be distributed should be retained.

The Company is subject to externally imposed capital requirements:

a. as a public limited company, the Company is required to have a minimum share capital of £50,000; and
b. in accordance with the provisions of the Income Tax Act 2007, the Company as a Venture Capital Trust:
   i) is required to make a distribution each year such that it does not retain more than 15% of income from shares and securities; and
   ii) is required to derive 70% of its income from shares and securities.

These requirements are unchanged since last year and the Company has complied with them at all times.

20 Post Balance Sheet Events

On 24 February 2022, following the Company's year end, in the largest conventional military attack in Europe since World War II, Russia began an invasion of Ukraine. Global markets reacted with shock, AIM itself fell by 3% in one day. Markets have fallen further with the effect of economic sanctions rolled out across the world, with AIM falling further since. This has had an inevitable impact on the Company's net asset value but the Directors continue to be of the view that the Company is a going concern that is viable into the longer term.

The Company announced the re-opening of the Offer on 16 February 2022 and raised a further £25,000,000 which was available under the over-allotment facility.

The following transactions have taken place between 31 January 2022 and the date of this report:

- 12,280,842 shares allotted
- 150,616 shares bought back

21 Related Parties

The Company retains Amati Global Investors as its Manager. Details of the agreement with the Manager are set out on page 19. The number of ordinary shares in the Company (all of which are held beneficially) by certain members of the management team are:

	31 January 2022 shares held	31 January 2022 % shares held	31 January 2021 shares held	31 January 2021 % shares held
Paul Jourdan	**723,985**	**0.53%**	631,470	0.54%
David Stevenson	**26,753**	**0.02%**	17,583	0.02%
Anna Macdonald*	**7,855**	**0.01%**	n/a	n/a

* Subsequent to the year end Anna Macdonald's shareholding increased by 4,807 shares under the Offer on 2 March 2022.

The remuneration of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 45, and in note 4 on page 65.

Shareholder Information

Share Price

The Company's shares are listed on the London Stock Exchange. The bid price of the Company's shares can be found on Amati Global Investors' website: www.amatiglobal.com.

Net Asset Value per Share

The Company's net asset value per share as at 31 January 2022 was 180.7p. The Company normally announces its net asset value on a weekly basis. Net asset value per share information can be found on the Amati Global Investors' website: www.amatiglobal.com.

Dividends

Shareholders who wish to have future dividends re-invested in the Company's shares or wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address should contact The City Partnership (UK) Ltd on 01484 240 910 or email amativct@city.uk.com.

Financial Calendar

September 2022	Half-yearly Report for the six months ending 31 July 2022 to be circulated to shareholders
31 January 2023	Year-end

Annual General Meeting

The Annual General Meeting of the Company will be held on 16 June 2022 at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, Barbican, London EC2Y 5BL starting at 2pm. The notice of the meeting is included at pages 79 to 84 of this report.

Table of Historic Returns from launch to 31 January 2022 attributable to shares issued by the original VCTs which have made up Amati AIM VCT

	Launch date	Merger date	NAV Total Return with dividends re-invested	NAV Total Return with dividends not re-invested	Numis Alternative Markets Total Return Index
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	8 December 2005	78.8%	40.1%	38.6%
Amati VCT plc	24 March 2005	4 May 2018	186.3%	97.1%	33.7%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	58.2%	2.0%	69.8%
Singer & Friedlander AIM 3 VCT*	29 January 2001	n/a	63.0%	26.7%	-0.5%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	24.9%	-3.5%	-49.2%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-14.8%	-14.2%	54.6%

* Singer & Friedlander AIM 3 VCT changed its name to ViCTory VCT on 22 February 2006, to Amati VCT 2 on 9 November 2011 and to Amati AIM VCT plc on 4 May 2018.

Alternative Performance Measures

An Alternative Performance Measure ("APM") is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework.

The Company uses the following Alternative Performance Measures:

Net Asset Value ("NAV") per share

The NAV per share of the Company is the sum of the underlying assets less the liabilities of the Company divided by the total number of shares in issue.

NAV calculation	31 January 2022	31 January 2021	
Net assets (£'000)	**247,074**	238,279	(a)
Number of Ordinary shares in issue	**136,720,797**	115,589,550	(b)
NAV (c = (a/b) * 100)	**180.7p**	206.1p	(c)

Discount/Premium

The price of a share is derived from buyers and sellers agreeing a price at which to trade their shares. For Venture Capital Trusts the company is the principal buyer of the shares of sellers via buybacks (see Capital Management in note 19). The share price may not be identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading at a price above NAV per share are said to be at a premium.

Discount calculation	31 January 2022	31 January 2021	
Closing NAV per share (p)	**180.7**	206.1	(a)
Closing share price (p)	**166.5**	190.5	(b)
Discount (c = ((a-b)/a))	**7.9%**	7.6%	(c)

Ongoing charges ratio

All operating costs, of a capital or revenue nature, payable by the Company and expected to be regularly incurred. These exclude the costs of acquisition or disposal of investments, financing charges, and gains or losses on investments. They are the best estimate of future costs. The ongoing charges ratio is the annualised operating costs divided by the average NAV over the period.

Ongoing charges calculation	31 January 2022	31 January 2021	
Management fee (£'000)	**4,460**	3,197	
Other administrative expenses (£'000)	**514**	455	
Total management fee and other administrative expenses (£'000)	**4,974**	3,652	(a)
Average net assets in the year (£)	**265,497,028**	174,294,968	(b)
Ongoing charges (c = a/b)	**1.9%**	2.1%	(c)

Total Return

The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share price or NAV per share in the period. The dividends are assumed to have been re-invested in the form of shares or net assets respectively, on the date on which the shares were quoted ex-dividend and this is accounted for in the "Compounding effect from re-investing dividends line".

NAV total return calculation	31 January 2022	31 January 2021	
Closing NAV per share (p)	**180.7**	206.1	
Add back final dividend for the year ended 31 January 2021 (2020)(p)	**7.00**	4.25	
Add back interim dividend for the year ended 31 January 2022 (2021)(p)	**4.50**	3.50	
Compounding effect from re-investing dividends (p)	**-1.60**	2.25	
Re-stated closing NAV per share assuming dividends re-invested (p)	**190.6**	216.1	(a)
Opening NAV per share (p)	**206.1**	155.6	(b)
NAV total return (c = ((a - b)/b)) (%)	**-7.5%**	38.9%	(c)

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt about any aspect of the proposals referred to in this document or about the action which you should take, you should seek your own advice immediately from a stockbroker, solicitor, accountant or other independent professional adviser. If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

It is the Board's opinion that all Resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all Resolutions.

Attendance at the meeting

The Company intends for the meeting to be held in person, subject to any changes in guidance from the Government regarding the Covid-19 pandemic. The AGM will also be live-streamed for those who wish to view it but cannot attend in person.

As is our normal practice, there will be live voting for those physically present at the AGM. Shareholders are advised that it will not be possible to vote or ask questions virtually during the live-stream and we therefore request all shareholders, and particularly those who cannot attend physically, to submit their votes by proxy, ahead of the deadline of 2pm on Tuesday 14 June 2022 to ensure that their vote counts at the AGM. If you hold your shares in a nominee account, such as through a share dealing service or platform, you will need to contact your provider and ask them to submit the proxy votes on your behalf. For further instructions on proxy voting, please refer to the notes on pages 82 to 84 of this document.

Shortly ahead of the AGM, the Company's Manager will post a link and instructions on how to join the event on its homepage at www.amatiglobal.com.

Shareholders who are unable to join the meeting physically can email any questions they may have either on the business of the AGM or the portfolio to info@amatiglobal.com by 10 June 2022. The Company's Manager will publish questions together with answers on the page dedicated to the AGM on the Manager's website prior to the AGM being held. The Company's Manager will reply to any individual shareholder questions submitted by the deadline of 10 June 2022, before the AGM.

Notice is hereby given that the annual general meeting of Amati AIM VCT plc (the "Company") will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, Barbican, London EC2Y 5BL on Thursday 16 June 2022 starting at 2pm (the "Meeting") for the transaction of the following business:

ORDINARY BUSINESS

To consider, and if thought fit, to pass the following Resolutions 1 to 10 as Ordinary Resolutions of the Company:

Ordinary Resolutions

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the financial year ended 31 January 2022 together with the Independent Auditor's Report thereon.
2. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 January 2022.
3. To approve a final dividend of 4.5p per share payable on 22 July 2022 to shareholders on the register at 17 June 2022.
4. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor of the Company from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company to be held in 2023 at which financial statements are laid before the Company.
5. To authorise the Directors to fix the remuneration of the auditor.
6. To elect Fiona Wollocombe as a Director of the Company.
7. To re-elect Susannah Nicklin as a Director of the Company.
8. To re-elect Julia Henderson as a Director of the Company.
9. To re-elect Brian Scouler as a Director of the Company.

10. THAT, in substitution for all subsisting authorities to the extent unused, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot Ordinary Shares of 5 pence each in the capital of the Company ("Ordinary Shares") and to grant rights to subscribe for or to convert any security into Ordinary Shares ("Rights") up to an aggregate nominal value of £2,450,000 (being equal to approximately 33 per cent. of the Company's issued share capital (excluding treasury shares) as at 12 April 2022, being the latest practicable date prior to the date of the notice of this meeting), provided that:

    i. the authority hereby conferred by this Resolution shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date of the annual general meeting of the Company to be held in 2023 and the date which is 15 months after the date on which this resolution is passed; and

    ii. this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require Ordinary Shares to be allotted or Rights to be granted after such expiry the Directors shall be entitled to allot Ordinary Shares or grant Rights pursuant to any such offers or agreements as if the power conferred by this resolution had not expired.

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolution 11 (disapplication of pre-emption rights), Resolution 12 (share buy-backs), Resolution 13 (cancellation of share premium) and Resolution 14 (authority to hold a general meeting on short notice) as Special Resolutions of the Company:

Special Resolutions

11. THAT, subject to the passing of resolution 10 set out in the notice of this meeting and in substitution for all subsisting authorities to the extent unused, the Directors be and are hereby empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act") to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560 of the Act) for cash pursuant to the authority given pursuant to resolution 10 set out in the notice of this meeting, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

    i. shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £2,300,000 (representing approximately 31 per cent. of the issued share capital of the Company (excluding treasury shares) as at 12 April 2022) pursuant to one or more offers for subscription of the Company;

    ii. shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £150,000 (representing approximately 2 per cent. of the issued share capital of the Company (excluding treasury shares) as at 12 April 2022) pursuant to the dividend reinvestment scheme operated by the Company; and

iii. shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date of the annual general meeting of the Company to be held in 2023 and the date which is 15 months after the date on which this resolution is passed save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities or sell Ordinary Shares from treasury in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

12. THAT, in substitution for existing authorities, the Company be and is hereby empowered to make one or more market purchases within the meaning of Section 701 of the Companies Act 2006 (the "Act"), of the Ordinary Shares (either for cancellation or for the retention of treasury shares for future re-issue or transfer) provided that:

i. the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued ordinary share capital of the Company as at the date of this resolution;

ii. the minimum price which may be paid per Ordinary Share is 5p per share, the nominal amount thereof;

iii. the maximum price (exclusive of expenses) which may be paid per Ordinary Share is an amount equal to 105% of the average of the middle market quotation of such Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is to be purchased;

iv. the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2023 and the date which is 15 months after the date on which this Resolution is passed; and

v. the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by this Resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Ordinary Shares pursuant to any such contract.

13. THAT the share capital of the Company be reduced by cancelling the entire amount standing to the credit of the Company's share premium account as at the date the order is made confirming such cancellation by the High Court.

14. THAT a general meeting (other than an AGM) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next AGM of the Company.

By order of the Board

LDC Nominee Secretary Limited
Company Secretary

Registered office:
27/28 Eastcastle Street
London W1W 8DH

12 April 2022

Notes

1. A member entitled to attend and vote at the Meeting convened by the above Notice of Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in the member's place. A proxy need not be a member of the Company.
2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Meeting. To be valid, the Form of Proxy, together with the power of attorney or other written authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 2pm on 14 June 2022 to The City Partnership (UK) Ltd, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH (the "Registrar"). Completion of the Form of Proxy will not prevent you from attending and voting in person.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company at 6.00pm on 14 June 2022 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the time appointed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Registrar by email to amativct@city.uk.com for (an) additional form(s), or you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope. However, please note the restrictions on attendance at this year's AGM as set out in Note 15 below.

   A reply-paid Form of Proxy is enclosed with members' copies of this document. To be valid, the Form of Proxy must be sent or delivered to the Registrar at The City Partnership (UK) Ltd, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH or sent to the Registrar by scan and email to amativct@city.uk.com (please include Amati AIM VCT plc and your name in the subject line of your email) so as to be received not later than 48 hours before the time appointed for the Meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the Meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
5. Online voting: alternatively, you may vote online by visiting https://proxy-amati.cpip.io. You will then need to use your City Investor Number (CIN) and AGM Access Code, which will be provided to shareholders separately. You will then be able to vote online for the AGM. Votes lodged through the online facility must be received by the Registrar not later than 48 hours (excluding non-working days) before the start of the Meeting or any adjournment thereof.
6. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by The City Partnership (UK) Ltd not later than 48 hours (excluding non-working days) before the start of the Meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com. Please see above at Note 5 for an alternative method of electronic submission of proxies.
7. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by The City Partnership (UK) Ltd (ID number 8RA57) not later than 48 hours (excluding non-working days) before the time appointed for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message. CREST

personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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

9. Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

10. As at 12 April 2022 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 148,851,023 shares of 5p each, carrying one vote each at an annual general meeting of the Company. Therefore, the total voting rights in the Company as at 12 April 2022 are 148,851,023.

11. Subject to any restrictions placed on attendance at the AGM due to the current COVID-19 pandemic, appointment of a proxy will not preclude a member from subsequently attending, voting and speaking at the Meeting should the member subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

12. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between the Nominated Person and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

13. The statement of the rights of members in relation to the appointment of proxies in Notes 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

14. Copies of the Directors' letters of appointment will be available for inspection at the Meeting.

15. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

    - Calling Amati Global Investors on 0131 503 9115 or emailing info@amatiglobal.com

    You may not use any electronic address provided either in this Notice or any related documents (including the chairman's letter and Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

16. A copy of the Notice of the Annual General Meeting and the information required by Section 311A of the Companies Act 2006 is included on the Manager's website.

17. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

18. Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (a) to give to members of the Company entitled to receive notice of meeting, notice of any resolution which may properly be moved and is intended to be moved at the meeting and/or (b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 5 May 2022, being the date six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

19. Given the risks posed by the spread of COVID-19 and in accordance with the provisions of the Articles of Association and Government guidance and regulations, the Company may impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the AGM. Such restrictions may include preventing attendance at the Meeting in person of shareholders. Other restrictions may be imposed as the chairman of the Meeting may specify in order to ensure the safety of those attending the AGM.

20. Personal data provided by shareholders at or in relation to the Meeting will be processed in line with the Company's privacy policy.

Corporate Information

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Susannah Nicklin
Brian Scouler
Fiona Wollocombe

all of:

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