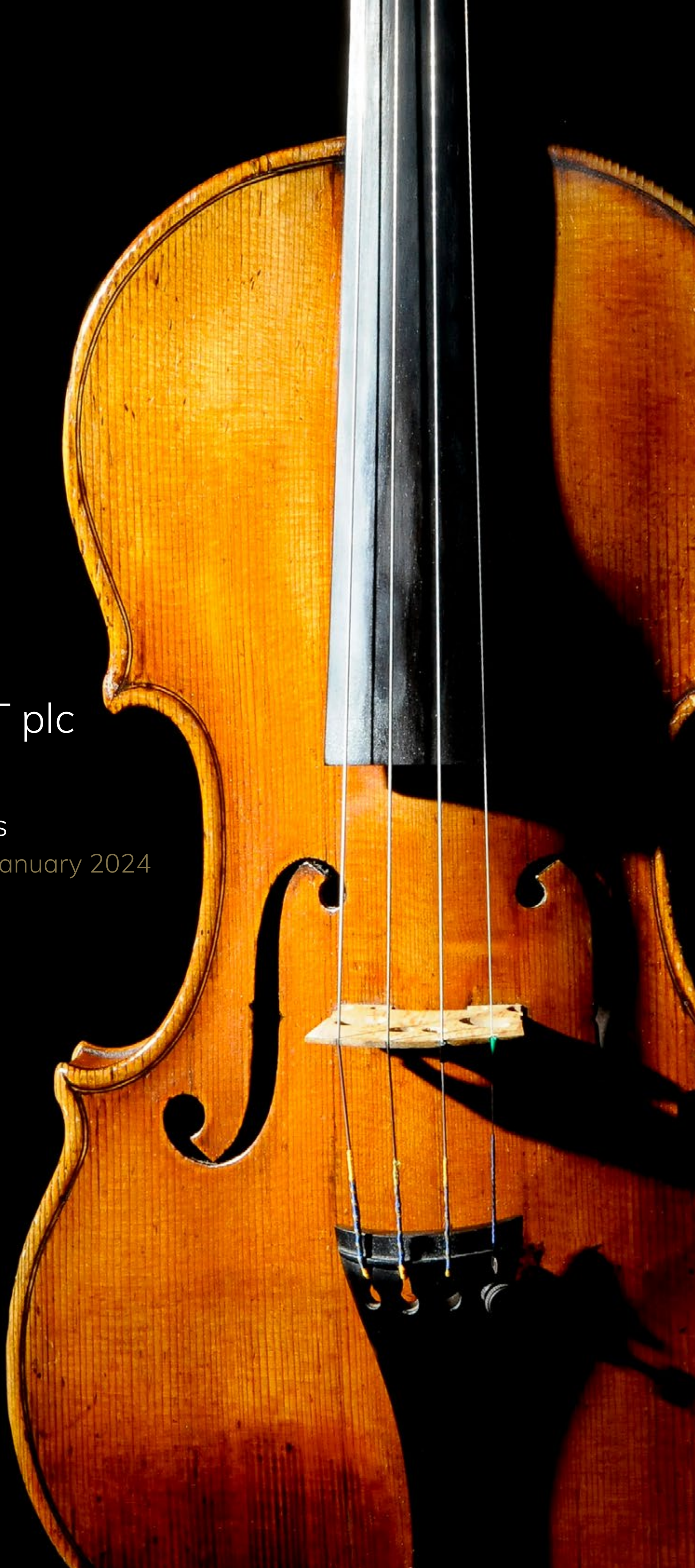


Amati AIM VCT plc

Annual Report & Financial Statements

For the year ended 31 January 2024

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 investments 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 2024

NAV Total return for the year†
-22.6%
(2023: -22.2%)

Year end Net Asset Value per share†
94.7p
(2023: 132.8p)

£13.3m
invested in qualifying holdings during the year
(2023: £12.4m)

6.6%
Discount to NAV†
(2023: 7.0%)

2.0%
Ongoing charges†**
(2023: 1.9%)

5.3%
Dividend yield*†**
(2023: 5.3%)

Key data

	31/01/24	31/01/23
Net Asset Value ("NAV")	£143.1m	£201.3m
Shares in issue	151,069,824	151,548,993
NAV per share†	94.7p	132.8p
Share price	88.5p	123.5p
Market capitalisation	£133.7m	£187.2m
Share price discount to NAV†	6.6%	7.0%
NAV Total Return for the year (assuming re-invested dividends)	-22.6%	-22.2%
Deutsche Numis Alternative Markets Total Return Index*	-12.1%	-20.7%
Ongoing charges**†	2.0%	1.9%
Dividends paid and declared in respect of the year	5.0p	7.0p

* Deutsche Numis Alternative Markets Index is included as a comparator 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.

*** Dividend yield based on year end NAV.

† See Alternative Performance Measures on pages 78 and 79.

Highlights

Table of investor returns

to 31 January 2024

From	Date	NAV Total Return with dividends re-invested	Deutsche Numis Alternative Markets Total Return Index
NAV following re-launch of the VCT under management of Amati Global Investors ("Amati")	9 November 2011*	85.5%	15.2%
NAV following appointment of Amati as Manager of the VCT, which was known as ViCTory VCT at the time	25 March 2010	94.7%	18.4%

* 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 77.

Dividends paid and declared

28.6%

2024 total dividends per share
5.0p

Cumulative dividends per share
97.74p

5.3% of NAV

Dividend history

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

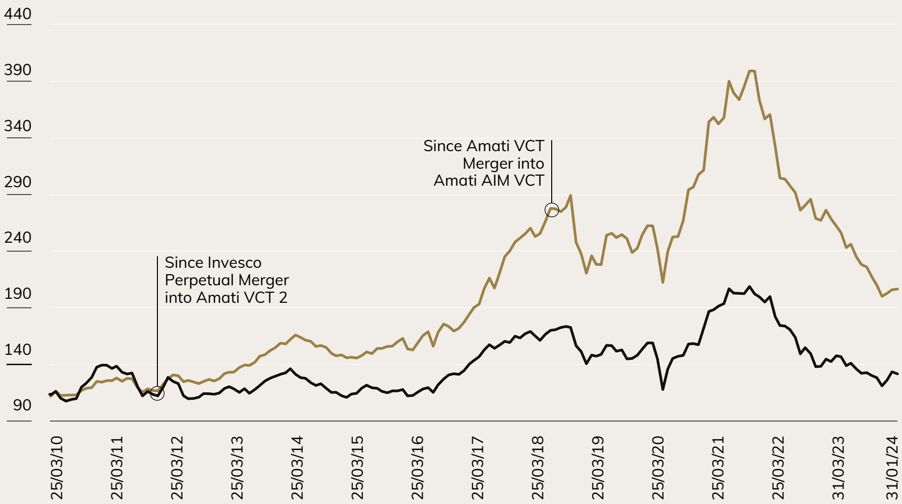
Year ended 31 January	Total dividends per share** p	Cumulative dividends per share p
2011	4.74	4.74
2012	5.50	10.24
2013	6.00	16.24
2014	6.75	22.99
2015	6.25	29.24
2016	6.25	35.49
2017	7.00	42.49
2018	8.50	50.99
2019	7.50	58.49
2020	7.75	66.24
2021	10.50	76.74
2022	9.00	85.74
2023	7.00	92.74
2024	**5.00**	**97.74**

* On 25 March 2010 Amati Global Investors was 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 Deutsche 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 2024

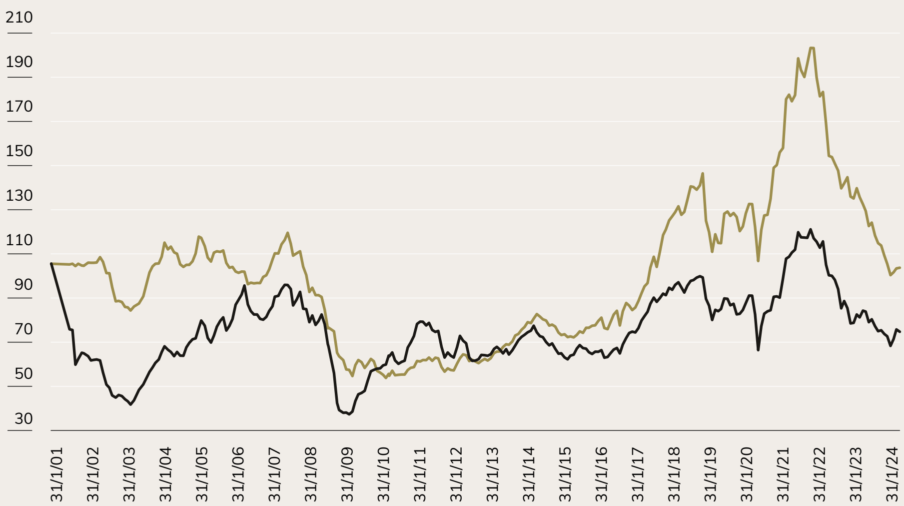


Amati AIM VCT NAV Total Return (rebased to 100)

Deutsche Numis Alternative Markets Total Return Index (rebased to 100)

Historic performance

Amati AIM VCT NAV Total Return and Deutsche Numis Alternative Markets Total Return Index from inception of fund to 31 January 2024



Amati AIM VCT NAV Total Return (rebased to 100)

Deutsche Numis Alternative Markets Total Return Index (rebased to 100)

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.

Fiona Wollocombe
Chairman

Overview and Investment Performance

This felt like a year of ongoing risk-aversion, with 2023 undoubtedly one of the most hostile markets for junior AIM companies since the financial crisis of 2008. This was most notable for companies which were relying on raising additional funds and in some cases were unable to access further VCT monies due to an evolving debate around the application of the VCT Regulations. In addition, some of our long-standing investments in companies which have matured into medium-sized businesses were impacted by cyclical downturns and negative sentiment. The NAV total return for the period was -22.6%, which compares to a return of -12.1% for the Deutsche Numis Alternative Markets Index. With the market having turned negative in late 2021, this has resulted in over two years of decline in the value of the portfolio and inevitably raises some questions about the health of the AIM market overall. The more mature businesses in the portfolio, which have taken many years to reach this point, should provide good exposure to any recovery in the market. The fortunes of early-stage companies are more fragile, and it is likely to take longer for this part of AIM to recover. This is discussed in more detail in the Manager's Review which follows.

The number of VCT qualifying deals on AIM remained relatively low this year and only a handful were of sufficient quality to be of interest. A total of £13.3m was invested in qualifying holdings, slightly more than in the prior year, but still well down on the 2021 level. At the same time some profits were taken in a few of the longer standing holdings, and some were sold outright, with total sales amounting to £12.9m that resulted in net losses realised of £8.9m. Further details are again provided in the Manager's Review. As a result, cash and current asset investments levels remained high at the end of the period at £45.6m. Cash and current asset investments are held mainly in a combination of interest bearing overnight bank deposits and money market funds.

Dividends

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.

At the end of November, the Board took the decision to pay a second interim dividend. This meant that the payment was made around six months earlier than would have been the case had this been a final dividend. This reflected the scarcity of qualifying investment opportunities on AIM of an acceptable quality and a lack of visibility over the timing of further qualifying investments. When combined with significant realisations of qualifying holdings the Board felt it prudent to accelerate the timing of the dividend payment so as to have a bigger margin of comfort against the VCT qualifying tests.

As at 31 January 2024 the net asset value was 94.7p. The Board paid an interim dividend of 2.5p per share in November and the second interim dividend of 2.5p per share in January, making a total for the year of 5.0p per share, which is 5.3% of year end NAV.

The Board would like to remind shareholders that the company has moved to paying all cash dividends by bank transfer, rather than by cheque and details are provided in Shareholder Information on page 77. Please check that you have received your dividends and contact the registrar if you have not. Unpaid dividends are kept by the registrar for a period of 10 years after the payment date and we make every effort to ensure that dividends are received correctly by shareholders.

With cash levels still remaining high and the rate of new investments still running at relatively low levels, the Board is not planning to raise further funds in the near term.

Strategic Review

In March, the Board announced that it was considering the Company's strategic options in the light of the ongoing challenges in the AIM market and the resultant impact on the company's performance. As part of this review, the Board had been working with the Manager on a proposal that would have addressed the Board's concerns and enabled the Company to widen its investment strategy to facilitate investments in a broader range of securities. As this opportunity did not conclude, the Board and the Manager are continuing to review the strategic direction of the VCT and evaluating other alternatives available to the Company.

VCT Legislation

The VCT legislation contains a "sunset clause" which would have brought income tax relief to an end on 5 April 2025. Following confirmation by the Chancellor in his Autumn statement that the scheme will continue, the Finance Act has now been passed which allows VCT income tax relief to be available for subscriptions for VCT shares until 5 April 2035. This however can only come into force when the EU gives approval. The Board understands that HM Treasury officials expect approval to be given, but the timescale for this is not yet known.

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 13 June 2024. This will be followed by presentations from the Manager and investee companies. Details are being sent to you with this report.

The Notice of AGM is set out on pages 80 to 85 of this report.

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. We understand 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 on the business of the AGM to info@amatiglobal.com by 7 June 2024. 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 7 June 2024, before the AGM.

Outlook

The AIM market remains in a fragile state, especially for companies capitalised at less than £100m and pre-profit early-stage companies. The bright spots we had hoped for last year were few and far between. We have noted a growing trend towards companies opting for a private sale or fundraising rather than an AIM listing. Shareholders frequently ask why the Manager does not buy more shares in existing portfolio holdings whose share prices have been pounded. Unfortunately, the changes to the VCT legislation in 2016-17 specifically prevent VCTs from making non-qualifying investments in AIM or unquoted companies. This means the VCT can only acquire more shares in portfolio companies if they raise further funds and are still qualifying under the rules, which in many cases they are not. The problems for investments made under post 2017 VCT rule changes are discussed in further detail in the Manager's review.

Historically there is evidence that companies that come through this kind of a market crisis tend to emerge a good deal stronger. In a falling interest rate environment, it would not take much for market dynamics to become a good deal more positive and this should benefit our existing portfolio.

Chairman's Statement (continued)

There are still many headwinds for the economy to navigate which may, directly or indirectly, affect the AIM market in an election year. We can only hope that the building blocks will be put in place to maximise the potential for young and growing UK companies to thrive once again in public markets.

Contact us

The Board is always keen to hear from shareholders. You can contact me at: AmatiAIMVCTChair@amatiglobal.com.

You can also find regularly updated information on the Company, including a factsheet and performance data on the Company's website: www.amatiglobal.com

Fiona Wollocombe
Chairman

11 April 2024

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

For any other matters please contact Amati Global Investors ("Amati") 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

In what was another poor year for AIM companies, especially those at an early stage of growth, global markets recovered their poise during the period under review, in large part thanks to a boom in US technology companies poised to lead the way in the deployment of artificial intelligence. Japanese and European markets also saw meaningful recoveries. By contrast, the UK equity market as a whole remained in the doldrums with the Deutsche Numis All Share Total Return Index returning only 1.6% over the period and the Deutsche Numis Alternative Markets Total Return Index falling by 12.1%, reflecting ongoing risk-aversion and weak liquidity at the lower end of the UK market. 2023 was probably the toughest market for junior AIM companies since 2008.

The gains in the large global technology companies were achieved despite a deteriorating and fragile geo-political environment. Russia's invasion of Ukraine appears to have reached something of a stalemate and the outcome remains dependent on ongoing Western support for Ukraine being maintained. A new and significant conflict emerged in October, as war erupted in Palestine in response to Hamas attacks on Israel. This brought considerable instability into the region, which shows no signs of abating. Investors also remain concerned about the ongoing potential for China to become more bellicose in a year where elections are taking place in a number of major economies. Despite these concerning developments, commodity prices remained subdued with oil prices down during the period and gas prices falling materially from their post-Ukraine highs of the previous year.

The dominant economic theme during the year was the global fight against inflation, with the Fed, the European Central Bank and the Bank of England simultaneously increasing interest rates rapidly from historically low levels. This in turn led to rises in bond yields in most G7 markets as central banks sought to normalise policy. Despite this more uncertain environment there was evidence that the global financial system remained robust, with the collapse of SVB Bank, First Republic and Signature in the US and the unravelling of Credit Suisse in Europe all seeing bailouts by larger, better capitalised institutions. As the year progressed, we saw evidence that inflation was being brought under control with headline numbers falling sharply in the US, UK and Europe, albeit from elevated levels. This was consistent with a deterioration in global growth prospects as both Europe and the UK began flirting with recession and Chinese growth prospects faded meaningfully.

In the final months of the period under review both large and midcap equity and bond markets enjoyed strong recoveries from depressed levels, taking heart from the expectation that an end to the period of monetary tightening is now in sight. We have seen rate expectations fall in the US, EU and UK and there is now a firm belief that 2024 will be a year of monetary easing. However, this path will not necessarily be a straight one and inflation data in early 2024 has been more elevated than markets would have hoped, leading to bond yields rising again. The direction of travel may be clear but the speed less so.

Returning to UK markets we have seen ongoing material outflows from open-ended UK equity funds, continuing the weak trend of recent years, and there are considerable challenges in re-establishing the UK market as an attractive place for companies to list and raise capital. However, we do detect a greater commitment from the Chancellor, the FCA and politicians across the political spectrum to address these increasingly urgent problems. This is particularly pressing with regards to AIM, where a lack of Initial Public Offerings (IPOs) and concerns about changes to taxation regimes have contributed to an ongoing shrinkage of the market.

Performance Review

The VCT's NAV Total Return for the period was -22.6%. This was substantially behind the benchmark, the Deutsche Numis Alternative Markets Total Return Index, which fell -12.1%. Data compiled by Deutsche Numis, which analyses the performance of UK smaller companies from 1955 onwards, shows that 2023 was a particularly outlying year. For nearly seventy years, the smallest market capitalisation companies in the UK market (defined as the bottom 70%) have cumulatively outperformed their larger peers – the so-called small company "premium". However, in 2023, "smaller" significantly underperformed "larger" as a factor in the UK market. This was caused by the smallest AIM stocks generally being by far the worst performers in the period covered by this review, as investors shied away from taking the liquidity risk inherent at this end of the market. Since this segment of AIM is the target universe for VCT qualifying companies, incorporating very early-stage businesses, this represented a particularly difficult environment for the portfolio.

A significant portion of the portfolio saw share price falls during the year. The largest falls related to companies requiring further financing in a market which was increasingly reluctant to finance early-stage companies. For these companies being quoted on AIM in this environment tended to prove detrimental, as tightened disclosure regulations can force companies to make announcements about funding requirements before they are able to optimise a plan to address them.

The biggest negative contributor to performance was **Polarean Imaging**, a lung medical imaging company, which fell 82% in the period. The company had a poor start to the year announcing its cash reserves would last until May 2024, and that it would move to a dual strategy of self-commercialisation while seeking a partner. It also indicated that it would require further funding, at a time when both private and public equity markets had turned their back on earlier stage healthcare companies. On the positive side, a new CEO was recruited, more suited to taking the company through its next stage of development, and the company established a US reimbursement code while it continued to build a pipeline of sales opportunities and trimmed costs to extend the cash runway. Education of hospitals about the technology and the benefits it can bring, is a multi-faceted task involving clinicians as well as hospital administrators. Articulating the value and revenue it can generate and converting this into purchase orders is a lengthy process.

Another significant underperformer was the outsourced services specialist to the global video games industry, **Keywords Studios**, which fell 42% in the period. This was despite the company reporting full year revenue growth of 13%, with around 6% of this organic augmented by five completed acquisitions, and an operating margin of over 15%. Whilst this performance was behind previous levels, the company had significant trading headwinds to mitigate, including the US entertainment strikes and a slowdown across the global industry. Nevertheless, Keywords still managed to outpace organic market growth, thus taking market share. Sentiment also played a part in the share weakness, with expectations that Artificial Intelligence (AI) machine-created technology will present games publishers with in-house alternatives to outsourced services. However, such spend on AI will likely be beyond the reach of some customers, and Keywords was already investing in this area to improve its competitiveness, service quality and product offering.

e-learning specialist, **Learning Technologies**, also impacted the portfolio's performance, falling 42%. In its full year results, the company reported an organic revenue decline of 2%. This reflected a slowdown in transactional and project-based work from its key financial services and technology clients, plus difficulties with the integration of a recent acquisition. Cost-cutting, however, protected operating margins at more than 17%, and also significantly reduced debt. Learning Technologies' share price was also impacted by AI concerns about machine-created education, but again, the company is examining its own investment into this and the potential productivity gains which could be generated.

One of the few successful flotations on AIM within the last couple of years has been high-end semiconductor chip designer and manufacturer, **Ensilica**, which specialises in Application Specific Integrated Circuits (ASICs). Since its listing in late 2022, the company has broadened its customer base from the automotive market into industrial, healthcare and satellite communication applications. Revenues grew 34% year-on-year to May 2023, with significantly higher margins and operating profits. Last November it sought to raise up to £5m equity to support the execution of a growing pipeline of new business opportunities. By this stage of its growth, however, the company had ceased to be VCT-qualifying, and so, frustratingly, the Company was unable to support the fund raise. The difficult environment for risk appetite meant that only c£1.5m was eventually raised at a substantial discount. This impacted the shares, which fell 58% in the period.

Velocys, which developed catalytic reactor technology for use in the production of Sustainable Aviation Fuel (SAF) from wood chips or waste sources, and which was developing large scale projects in both the UK and US, struggled during the period to refinance its currently loss-making operations. This was despite receiving c£30m of government grants in late-2022 and having significant SAF offtake agreements with customers. Negotiations continued for much of the second half of the period under review, and during this time the decision was taken to reduce, and ultimately exit, the position in view of the funding risks involved. The shares fell 95% in the period, and in February 2024 the company was eventually taken private.

Video gaming developer and publisher, **Frontier Developments**, had a challenging year in keeping with the slowdown in consumer demand across the industry. In November, the company announced a strategic review, to move away from third-party publishing and re-focus on its own, core, creative management simulation games. This has involved a major cost cutting programme, targeting a return to profitability in financial year ending May 2025. The company retains significant cash resources. The shares fell 70%.

Other negative contributors included **Saietta**, the developer of eDrive systems for electric vehicles. Similar to **Ensilica**, Saietta also no longer qualified for VCT investment. The company raised £7m of highly dilutive funding in November, as part of a larger fund raise intended to complete in March 2024. Unfortunately when the company lost a cash flow boosting contract in February, and one of its customers in India failed to deliver on a promised contract, the March fund raise became too difficult to complete with the result that the company appointed an administrator. This was a sad end to what had seemed a highly promising business. Energy and water efficiency solutions provider,

Eneraqua, and IT training business, **Northcoders**, experienced difficult trading conditions during the period after achieving successful listings in 2021. Both were hit by demand downturns involving key customers. Eneraqua's local authority social housing base has been impacted by budgetary constraints, alongside priority spending on insulation, fire cladding, and damp and mould renovations. Accordingly, funding in these areas has pushed back investment in new utility systems. Northcoder's corporate business, where training programmes are developed for specific employers, was hit by a general environment of cutbacks in staff spending. The already partially written down unquoted convertible loan holding in electronics company **eleXsys** was written down to zero during the period, as long expected investment in the company to commercialise the company's grid management technology failed to materialise.

Offsetting these negatives were good performances in the period from some of the longer held investments within the portfolio. Healthcare software specialist, **Craneware**, which has been a holding for almost 20 years, gained 51%. This followed an improving market backdrop, whereby US hospitals and pharmacy providers re-focused on future growth and operational efficiency following a prolonged period of spending slowdown and shifted priorities, due to an overhang from the pandemic. First half revenue growth accelerated to 8%, and earnings also grew reversing the decline seen in the previous year.

Franchised property services operator, **Belvoir**, which has been a holding since 2012, gained 43%. Whilst franchisee fees from estate agencies declined in 2023, this was more than offset by growth from lettings agencies and also financial services such as mortgage advice. Overall, the company achieved growth progress in a difficult trading environment as interest rates climbed, and this reflects the robustness of the franchise business structure. More importantly it was announced in January of this year that Belvoir was the subject of a nil premium merger with another portfolio holding, **Property Franchise** (held since 2013) whose shares gained 40%. This welcome development creates a company with a combined market capitalisation of almost £200m, which will broaden the investor audience for the shares. There is scope for the larger group to generate meaningful revenue and cost synergies in due course.

Glantus, the accounts payable analytics software provider, which had a difficult time since listing in 2021 as it restructured and missed revenue forecasts, received an industry buyer approach as trading improved. The shares rose nearly four-fold in the period.

Property services group, **Kinovo**, a holding since 2015, announced strong interim results with operating profit growth significantly ahead of revenue growth due to a favourable mix of high margin business. This was principally within electrical services, where new legislation, such as the Building Safety Acts, is driving non-discretionary landlord spend following the Grenfell Tower disaster. The shares gained 97%.

Other positive contributors were **Equals, Creo Medical** and **Eden Research**. Equals, the FX payment services specialist held since 2014, continues to trade strongly as it shifts its focus from consumers to corporates, generating stronger growth and profit margins. In November, the company announced it was exploring a potential sale with interested parties, discussions with which are ongoing. Creo Medical, an endoscopy medical device company, gained after announcing an oversubscribed fundraise. This cleared a material overhang in the stock and gave it a very comfortable runway to breakeven and beyond. In the period, the company continued to generate positive news flow about the regulatory approval of its advanced energy devices and their use in surgical procedures globally. Most impressively, the company highlighted the progression of its partnership with Intuitive Surgical, the global leader in robotic assisted surgery, as the companies move towards integrating their technologies. Eden Research, a sustainable biopesticide company, also rose following an oversubscribed fundraise and news of a major partnering for its products. Corteva, a global agriculture company, partnered with Eden Research on the development and commercialisation of Ecovelex in the UK and EU. Ecovelex is a bird deterrent seed treatment. The product is derived from plant based chemistry which works by creating an unpleasant odour and taste which repels birds.

Portfolio Activity

Over the course of the period under review, the Company made five new investments and seven follow-on investments. A total of £9.8m was invested in the five new investments and £4.5m in the seven follow-on investments (of which one, the follow-on investment of £1m in **Verici DX**, settled out of the reporting period).

The new investments comprised two IPOs and two secondary placings on AIM, as well as one unquoted investment.

In the first half of the period, the Company participated in the flotation of **Fadel Partners**, a developer of cloud-based software for royalties' management, digital asset management and brand compliance. Fadel's customers are licensors and licensees across a range of markets covering media, entertainment, publishing, consumer brands and technology. The products incorporate sophisticated image and video recognition powered by AI search tools. The business reported revenue of $14.5m for 2023. In the second half of the year the Company participated in the IPO of **Tan Delta**, a developer and supplier of sensors and systems which uses innovative real time oil analysis technology to allow operators of engineering equipment to cut maintenance costs, improve reliability, and reduce carbon footprint.

Traditionally, oil monitoring is managed in compliance with preset service intervals, which results in lubrication oil being discarded when it can still have 30-50% of its useful life left. With limited sales resource prior to its IPO, Tan Delta has built a customer list with major names such as Shell, Schlumberger and Aggreko, and its technological edge lies in it being able to test many types of installed equipment and oil types. The addressable market is significant and global. A key positive is that the Non-Executive Chairman is already known to us as CEO of another portfolio holding, SRT Marine Systems.

In March, an unquoted investment was made in **2 Degrees**, alongside Maven Capital Partners. The company provides large corporates and their suppliers with an online Software as a Service platform to measure, manage and reduce carbon within supply chains, thereby helping to achieve the Green House Gas Protocol Scope 3 emissions standard. The platform includes a planning tool and AI-driven recommendations for best practices to reduce carbon. Current markets are in food retail and automotive, with scope to grow beyond this.

Investments through secondary placings in existing AIM companies involved **Itaconix** and **Cordel**. Both were completed in the first half. The former is a US developer of a plant-based polymer used to decarbonise everyday consumer products. The company has been on AIM since 2012, but only achieved commercial breakthrough in 2020 with a bio-polymer ingredient for dishwasher detergent. Close to 150 consumer products now use Itaconix ingredients, involving major retailers such as Amazon, Walmart, Aldi and Tesco. With opportunities to grow into personal hygiene and beauty products, the company is forecast to breakeven in its current financial year. Cordel floated on AIM in 2018, and a year later acquired its current business activity, an AI analytical software platform to automate inspection and management of rail infrastructure. Using highly accurate Light Detection and Ranging sensors mounted onto train rolling stock, the technology replaces human surveying of vegetation infringements, infrastructure clearances, crossings, drainage and ballast, in order to meet regulatory requirements and prevent accidents. Commercial success to date includes contracts with Network Rail, Angel Trains and Amtrak. The company is forecast to breakeven in the current financial year.

Three of the seven follow- on investments took place in the first half of the period and involved antibody developer **Fusion Antibodies**; fire safety product specialist **Zenova**; and sustainable biopesticides formulator **Eden Research**. A small placing participation with Fusion Antibodies was limited to our equity percentage, to avoid dilution. Fusion Antibodies has had to broaden its customer offering to provide an end-to-end therapeutic antibody service, which captures earlier stage customers and generates repeat business. Alongside the raise there was a management commitment to significant cost cuts being made through to 2024. Zenova was also a modest investment, within an overall placing to get the company to breakeven after a slow start to revenue growth from its range of fire prevention products with mass market potential. Despite difficulties caused by Covid delays, Eden Research (reported on above) is continuing to develop a global portfolio of biopesticide products with international approvals. The company has made excellent strides in reorganising its distributor base to bring in higher quality companies, and further product submissions are ongoing.

In the second half of the period, follow-on investments were made in composite aircraft component manufacturer, **Velocity Composites**; autonomous vehicle developer, **Aurrigo**; automotive wiring connector specialist, **Strip Tinning**; and organ transplant diagnostics developer, **Verici DX**. Velocity Composites is seeing a significant pick-up in its European and US business in line with the recovery in the commercial aerospace market, driven by Middle Eastern airline demand and a global transition to more fuel-efficient aircraft. In December 2022, the company announced a five year $100m contract with GKN Aerospace involving a diverse range of high-performance composite structures across military, civil, and business jet programmes. The significant fundraise was used to provide working capital and further investment into the company's US facility. Aurrigo has made progress on a number of fronts since its IPO in 2022. Luggage tug trials are continuing at Changhi airport in Singapore, a project has been won for a cargo version for UPS, and further work is being done on a passenger shuttle vehicle. Airport development clients now include Changhi, Stuttgart, Schiphol and Cincinnati, with the latter involving carrier IAG. We participated pro rata to our equity percentage in the fundraise. Strip Tinning raised significant working capital, partly in the form of convertible loan in which the Company participated, to fund a pipeline of glazing and EV nominations from large automotive original equipment manufacturers. Having cut costs in a tough post-Covid environment for the industry, the company has now returned to breakeven. After securing a licensing agreement in November with global major Thermo Fisher Scientific for an early rejection, pre-kidney transplant test, Verici DX raised significant funding to take it through to 2025 when it hopes to reach profitability on the back of similar deals.

In addition to the exits from Glantus and Velocys noted above, there were a number of other disposals from the portfolio during the period. Rare disease biopharmaceutical company **Amryt Pharmaceuticals** was sold following the recommended offer in January by Chiesi Farmaceutici S.p.A. This has been a successful investment for the Company. **Angle**, the liquid biopsy developer, was sold on concerns that its technology could be superseded by alternative circulating tumour DNA diagnostics. **Anpario**, the animal feeds additive specialist, was exited as it had been a holding for around fifteen years and had reached a stage of maturity in terms of its prospects.

Allergy Therapeutics, **Bonhill, Falanx** and **Itsarm** (formerly In the Style) were also exited as they had become sub-scale positions.

After strong performance from the shares in the first half of the period, the opportunity was taken to reduce our large holding in **AB Dynamics**, the designer and supplier of testing and simulation technology to the automotive industry. This crystallised £2.2m in realised gains from original cost. Profits were also taken in the portfolio's largest holding, **Keywords Studios**, crystallising gains of £1.4m from original cost. With **Aurrigo's** shares reaching a peak of more than three times the listing price, a small trim was made to the weighting which subsequently provided portfolio flexibility to participate in the placing. In the period, we also reduced our position in **Polarean**. Recognising that it was likely that the VCT Rules would not allow the Company to make further investments in Polarean, the decision was taken to sell part of our holding to Nukem, a long term strategic investor in Polarean. A decision was also taken to reduce our position in **Frontier Developments**, following a sequence of disappointing game launches plus a step-back to monitor how the strategic review is executed.

Treasury Management

With the rise in the Bank of England base interest rate that began in February 2022 with an increase to 0.5%, quickly increasing incrementally to 5.25% by August 2023 at which level it has remained, opportunities to earn a good return on cash became available. Following consultation with the Company's VCT status adviser the decision was taken to allocate a proportion of cash held to overnight or up to 7-day term deposit accounts offering interest rates at or close to central bank base rates with A+ rated financial institutions. We placed the majority of the remainder with short term money market funds. Such deployment of cash provides an attractive means of generating additional, low-risk income for the Company while awaiting suitable VCT qualifying opportunities.

Outlook

The junior end of the UK stock market has been through a traumatic period over the last two years, since it peaked in September 2021. In the past a rally in the leading tech stocks in the US tended to filter through to venture capital stage companies in the UK, whether quoted or unquoted. This time, however, the dramatic rise in the leading US tech stocks has exacerbated flows of money away from the UK stock market as savers have sought to reallocate capital to these already giant companies.

As at the end of March, the VCT qualifying portfolio is roughly split 50/50 in value between a group of 18 relatively mature small and medium sized businesses originally purchased between 2005 and 2015. These have been highly profitable investments, even with some of the big share price falls they have seen over the last two years.

In managing the VCT we have had a strong tendency to want to preserve these holdings as much as possible, because it will take a long time for investments made under post 2017 VCT rule changes to match them in maturity, scale and quality.

The outlook for this group of companies has improved significantly from a year ago, with growth coming through in many cases and a sense that ratings are now bottoming out. This sets up the conditions for a rebound if UK interest rates fall towards the end of the year, as expected. In general we were too slow to take profits from this part of the portfolio in 2021, having cultivated a strategy of running winners that was highly effective for the prior ten years. The VCT rules are much easier to negotiate with this policy of running winners. However, we failed to anticipate exactly how far the deratings could run, and how much some of these companies suffered from downgrades. In general, we are increasing our propensity to take profits from this part of the portfolio where we see significant valuation risk. But as things stand, we think the risks are now more biased towards an upwards re-rating and for better growth metrics returning.

The other half of the portfolio by value are holdings in around 40 companies which are still at the venture capital stage, loss making or break even, undertaking the long and difficult journey to sustainable profitability. One of these, Maxcyte, is now NASDAQ listed, having raised sufficient cash to aim for demanding growth targets and to maximise the commercial opportunity it has. In most cases, however, the share prices of this group of companies are distressed. They are more fragile, and their fortunes will depend substantially on hitting corporate targets and de-risking business plans. Where they can do this, the upside from current depressed prices will be significant. For those that don't deliver on expectations then this end of the market is a friendless place.

Fund Manager's Review (continued)

We recognise that we have had too much of a tendency to stick with investee companies that fail to meet expectations in the hope that over time they will find their way through to profitable growth, in part because this makes negotiating the severe constraints of the VCT legislation more manageable, especially whilst new investment opportunities have been fewer. In other cases, low levels of liquidity can make it difficult to sell stakes in a meaningful way, but the ability to do so remains one of the attractions of investing in quoted companies. This said, in this part of the portfolio, 59% of the holdings by value is in companies that are expected to turn profitable or return to profitability in 2024, and another 31% where this is expected during 2025. Once profitable, these companies have an opportunity to gain a wider investor base on AIM and should see more positive share price dynamics. Our experience from previous market downturns is that companies that survive this far tend to come through in better shape than they went in, having had to really hone strategy and cut out non-essential costs.

Looking at the impact on the portfolio of the VCT rule changes in 2016-17 shows that satisfactory returns have been difficult to achieve in the period since then, albeit this is looking back from the point of view of a low point. In some cases the rules and their interpretation (such as the revised implementation of the financial distress rules and the restrictions on making non-qualifying investments into existing qualifying investments where the rules don't allow qualifying investments to be made) create senseless restrictions on Managers which damage the value that can be delivered to shareholders for no apparent policy benefit. Some changes could be made that would cost nothing and improve the ways in which VCTs can support venture capital stage companies in the UK. VCTs also play a key role in replenishing the AIM exchange by supporting companies at IPO and through their early phases being quoted, something which is all too easily forgotten when times are good. Most policy makers understand the importance of this junior market, and it is to be hoped that whoever forms the next Government will take the time necessary to understand how to rejuvenate it. In the meantime we continue to review with the Board, possible ways of expanding the range of qualifying investments we can encompass.

Dr Paul Jourdan, David Stevenson and Scott McKenzie

Amati Global Investors

11 April 2024

Fund Manager Biographies

Amati Global Investors

Amati Global Investors is a specialist fund management business based in Edinburgh. It is largely, though not exclusively, focused 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 is the Manager of Amati AIM VCT (for which it won the 2022 Investment Week VCT AIM Investment Company of the year award). It is also the Manager of the WS Amati UK Listed Smaller Companies Fund, the WS Amati Strategic Metals Fund, the WS Amati Global Innovation 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 is a signatory to the 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 is also a signatory to the UN-supported Principles for Responsible Investment (PRI).

Amati
Global Investors

Fund Manager Biographies (continued)

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 the WS Amati UK Listed 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 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, a director of Amati and a trustee of Clean Trade, a charity registered in England and Wales.

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 WS Amati UK Listed Smaller Companies Fund and Amati AIM VCT since 2012 and the Amati AIM IHT Portfolio Service since 2014.

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 2024

Company name	Original Amati VCT bookcost at 4 May 2018# £'000	Costs* £'000	Aggregate Cost** £'000	Fair value £'000	Fair value movement in year*** £'000	Market Cap £m	Industry Sector	Yield NTM %	% of net assets
Waystone Amati UK Listed Smaller Companies Fund	3,331	6,757	10,088	11,546	(1,286)	–	Financials	3.2	8.1
Keywords Studios plc[1,3]	259	3,897	4,156	6,777	(4,818)	1,311.4	Information Technology	0.1	4.7
AB Dynamics plc[1]	151	1,721	1,872	5,706	(228)	401.4	Industrials	0.4	4.0
Learning Technologies Group plc[1,3]	780	3,771	4,551	5,596	(4,078)	641.4	Information Technology	2.0	3.9
Craneware plc[2,3]	298	3,601	3,899	4,619	1,568	760.0	Health Care	1.4	3.2
Aurrigo International plc[1]	–	2,305	2,305	4,020	385	41.2	Industrials	–	2.8
MaxCyte Inc.[1]	449	1,536	1,985	3,911	(802)	405.5	Health Care	–	2.7
GB Group plc[2]	236	2,967	3,203	3,176	(802)	711.8	Information Technology	1.5	2.2
Water Intelligence plc[2]	180	1,038	1,218	3,014	(1,629)	64.5	Industrials	–	2.1
Fadel Partners, Inc[1]	–	3,000	3,000	2,937	(62)	28.5	Information Technology	–	2.1
Top Ten			**36,277**	**51,302**	**(11,752)**				**35.8**
Chorus Intelligence Limited Ordinary Shares[1,4]	–	301	301	151	–	–	Information Technology	–	0.1
Chorus Intelligence Limited 10% Convertible Loan Notes[1,4]	–	2,699	2,699	2,699	–	–	Information Technology	–	1.9
Solid State plc[2]	259	261	520	2,626	(83)	144.1	Industrials	1.7	1.8
Diaceutics plc[1]	–	1,557	1,557	2,110	(41)	87.2	Health Care	–	1.5
Belvoir Group plc[1]	404	379	783	2,070	621	97.0	Real Estate	4.4	1.5
Nexteq plc[2]	419	3,777	4,196	2,039	(802)	77.8	Consumer Discretionary	–	1.4
Ensilica plc[1]	–	2,450	2,450	2,009	(2,744)	33.6	Information Technology	–	1.4
2 Degrees Limited A1[1]	–	1,867	1,867	1,867	–	–	Information Technology	–	1.3
2 Degrees Limited A2[1]	–	133	133	133	–	–	Information Technology	–	0.1
Velocity Composites plc[1]	496	2,107	2,603	1,921	(523)	18.2	Industrials	–	1.4
Sosandar plc[1]	–	1,872	1,872	1,810	(1,373)	36.0	Consumer Discretionary	–	1.3
Equals Group plc[1]	–	1,137	1,137	1,755	491	221.4	Information Technology	–	1.2
Top Twenty			**56,395**	**72,492**	**(16,206)**				**50.7**
Brooks Macdonald Group plc[2,3]	–	1,154	1,154	1,658	(315)	302.5	Financials	4.4	1.2
Intelligent Ultrasound plc[1]	–	2,194	2,194	1,652	(507)	24.5	Health Care	–	1.2
Northcoders Group plc[1]	–	2,111	2,111	1,597	(1,708)	11.6	Consumer Discretionary	–	1.1
SRT Marine Systems plc[1]	709	465	1,174	1,425	(347)	82.4	Information Technology	–	1.0
Kinovo plc[2]	–	1,681	1,681	1,401	689	40.8	Industrials	–	1.0

Investment Portfolio (continued)

Company name	Original Amati VCT bookcost at 4 May 2018# £'000	Costs* £'000	Aggregate Cost** £'000	Fair value £'000	Fair value movement in year*** £'000	Market Cap £m	Industry Sector	Yield[NTM] %	% of net assets
Arecor Therapeutics plc[1]	–	1,910	1,910	1,393	(464)	50.5	Health Care	–	1.0
Tan Delta Systems plc[1]	–	1,875	1,875	1,298	(577)	13.2	Industrials	–	0.9
Accesso Technology Group plc[1,3]	–	221	221	1,214	(595)	229.0	Information Technology	–	0.8
Property Franchise Group plc (The)[2]	155	197	352	988	280	108.1	Real Estate	4.3	0.7
Itaconix plc[1]	–	2,000	2,000	941	(1,059)	16.2	Industrials	–	0.7
Eden Research plc[1]	–	1,057	1,057	921	(72)	29.3	Materials	–	0.6
Saietta Group plc[1,3]	–	5,100	5,100	805	(1,770)	21.8	Consumer Discretionary	–	0.6
Strip Tinning Holdings plc Ordinary shares[1]	–	1,054	1,054	228	(114)	7.3	Industrials	–	0.2
Strip Tinning Holdings plc 10% Unsecured Convertible Loan Notes[1]	–	500	500	500	–	–	Industrials	–	0.4
One Media iP Group plc[1]	–	1,240	1,240	709	(354)	8.9	Financials	–	0.5
Polarean Imaging plc[1]	–	2,065	2,065	696	(3,279)	15.1	Health Care	–	0.5
Cordel Group plc[1]	–	915	915	641	(275)	8.4	Information Technology	–	0.4
Flylogix Limited Ordinary shares[1,4]	–	300	300	–	–	–	Information Technology	–	–
Flylogix Limited 10% Convertible Loan Notes[1,4]	–	2,700	2,700	610	(15)	–	Information Technology	–	0.4
Getech Group plc[1]	–	1,700	1,700	580	(502)	5.1	Energy	–	0.4
Netcall plc[2]	–	110	110	575	(6)	154.1	Information Technology	0.9	0.4
Creo Medical Group plc[1,3]	–	1,613	1,613	535	284	150.0	Health Care	–	0.4
Frontier Developments plc[1]	197	2,509	2,706	518	(1,219)	57.0	Communication Services	–	0.4
Block Energy plc[1]	–	3,000	3,000	511	(51)	7.3	Energy	–	0.4
Ixico plc[1]	–	1,367	1,367	488	(635)	4.8	Health Care	–	0.3
Byotrol plc Ordinary shares[1,4]	511	348	859	138	(363)	2.5	Materials	–	0.1
Byotrol plc 9% Convertible Loan Notes[1,4]	–	350	350	350	(3)	–	Materials	–	0.2
Clean Power Hydrogen plc[1]	–	2,500	2,500	472	(861)	22.8	Industrials	–	0.3
Science in Sport plc[1]	804	1,136	1,940	431	45	26.4	Consumer Staples	–	0.3
Hardide plc[1]	695	1,666	2,361	430	(158)	5.6	Materials	–	0.3
Verici Dx Limited[1]	–	800	800	360	(80)	15.3	Health Care	–	0.3
Eneraqua plc[1]	–	1,955	1,955	282	(1,764)	13.3	Industrials	–	0.2
Synectics plc[2]	–	342	342	212	41	27.6	Information Technology	3.0	0.1
Brighton Pier Group plc (The)[1]	314	175	489	208	(61)	20.5	Consumer Discretionary	–	0.1
Zenova Group plc[1]	–	900	900	208	(357)	2.9	Materials	–	0.1

Company name	Original Amati VCT bookcost at 4 May 2018# £'000	Costs* £'000	Aggregate Cost** £'000	Fair value £'000	Fair value movement in year*** £'000	Market Cap £m	Industry Sector	Yield[NTM] %	% of net assets
MyCelx Technologies Corporation[1]	440	205	645	206	85	11.7	Industrials	–	0.1
Fusion Antibodies plc[1]	565	1,829	2,394	150	(953)	2.7	Health Care	–	0.1
Rosslyn Data Technologies plc[1]	614	1,308	1,922	120	(127)	3.0	Information Technology	–	0.1
Rua Life Sciences plc[1]	–	931	931	88	(362)	7.0	Health Care	–	0.1
Trellus Health plc[1]	–	700	700	79	(61)	7.3	Health Care	–	0.1
Merit Group plc[1]	–	596	596	48	27	16.1	Communication Services	–	–
Aptamer Group plc[1]	–	3,672	3,672	31	(1,161)	4.7	Health Care	–	–
FireAngel Safety Technology Group plc[1]	–	690	690	31	(24)	15.1	Consumer Discretionary	–	–
Investments held at nil value	–	–	2,691	–	(900)	–	–		–
Total non-money market investments			**123,231**	**98,220**	**(35,854)**				**68.7**
Money market funds									
Royal London Short Term Money Market Fund	–	–	14,347	14,417	70				10.1
Goldman Sachs Sterling Liquid Reserves Fund	–	–	8,065	8,065	–				5.6
Northern Trust Global The Sterling Fund	–	–	8,065	8,065	–				5.6
Total money market funds			**30,477**	**30,547**	**70**				**21.3**
Total investments			**153,708**	**128,767**	**(35,784)**				**90.0**
Other net current assets				**14,311**					**10.0**
Net assets				**143,078**					**100.0**

1 Qualifying holdings.

2 Part qualifying holdings.

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 nil and 10% Convertible Loan Notes ("CLNs") at £610,000. The company was put into administration on 2 March 2023. The Convertible Loan Note agreement prescribes that if Flylogix is not listed on AIM, interest is payable at 10% per annum for a term of 5 years. The fair value of the CLNs is that amount which the administrator has indicated should be payable including interest.

Elexsys Energy plc ("Elexsys") consists of 202,737 Ordinary Shares in Elexsys at fair value of nil and 8% Convertible Loan Notes at nil.

Chorus Intelligence Limited ("Chorus") consists of 232 Ordinary Shares in Chorus at fair value of £151,000 and 10% Convertible Loan Notes at £2,699,000.

Byotrol plc ("Byotrol") consists of 25,000,001 Ordinary Shares in Byotrol at fair value of £138,000 and 9% Convertible Loan Notes at £350,000. Interest is being received quarterly on the Byotrol CLNs.

Strip Tinning consists of 569,699 ordinary shares at fair value of £228,000 and 10% Convertible Loan Notes at £500,000. Interest is payable upon redemption of the CLNs.

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

* This column shows the bookcost to the Company as a result of market trades and events.

** This column shows the aggregate book cost to the Company either as a result of trades and events or asset acquisition from Amati VCT plc on 4 May 2018.

*** This column shows the movement in fair value, the unrealised gains/(losses) on investments during the year, see notes 1 and 8 on pages 61 and 68 for further details.

NTM Next twelve months consensus estimate (Source: Refinitiv, Fidessa and Amati Global Investors)

The Manager rebates the management fee of 0.75% on the WS Amati UK Listed 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], Elexsys Energy plc, Leisurejobs.com Limited[1] (previously The Sportweb.com Limited), Rated People Limited[1], Sorbic International plc, TCOM Limited[1], 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 is 100%.

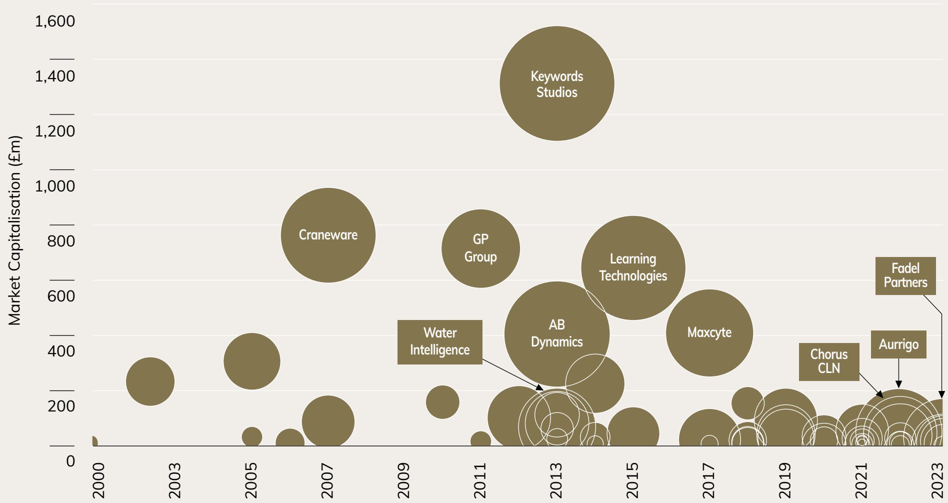
Investment Portfolio (continued)

Analysis as at 31 January 2024

Qualifying portfolio

The portfolio of qualifying investments in the Company as at 31 January 2024 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.

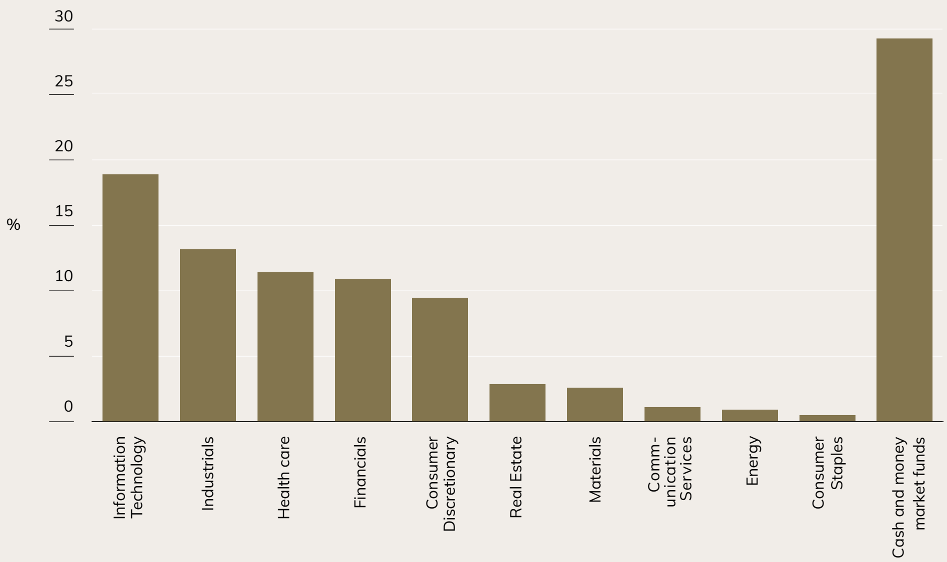
The top ten qualifying portfolio companies are labelled. The dates of investments in securities held solely by Amati VCT plc prior to the merger with Amati VCT 2 plc in May 2018, are given as the dates those securities were originally acquired by Amati VCT plc.



Source:
Amati Global Investors
as at 31 January 2024

Sector split

The portfolio of investments in the Company as at 31 January 2024 is analysed in the graph below by sector. This includes a sector split of the investments within the WS Amati UK Listed Smaller Companies Fund which in the Investment Portfolio table on pages 15 to 17 is classed as Financials.



Investment Policy, Investment Objectives and Investment Strategy

Investment Objectives

The investment 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 Venture Capital Trusts ("VCTs").

Investment Policy

The Company's investment 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)) primarily in companies traded on AIM or on the Aquis stock exchange ("Aquis") 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 investment policy is to make Qualifying Investments primarily in companies traded on AIM or on 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 legislation, 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. 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 WS Amati UK Listed 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 consider and question 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.

The Board is conscious of the potential impact of its investments on the environment as well as its social and governance responsibilities. The Board and the Manager believe that sustainable investment involves the integration of ESG factors within the investment appraisal process and that these factors should be considered alongside strategic, commercial and financial issues. Further details can be found on page 28.

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 29;
- 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 Deutsche Numis Alternative Markets Total Return Index. See graph on page 3;
- 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 WS Amati UK Listed 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 accounting services to the Company. As disclosed previously, the Manager and Board agreed that a new Company Secretary would be sought and that the Board would contract directly with the new Company Secretary. The Board appointed Law Debenture as Company Secretary of the Company with effect from 1 February 2022.

Under the FASSFAA, the Investment Manager has the right to appoint suitable representatives to provide fund accounting and administration services to the Company. The Manager engages Link Alternative Fund Administrators Limited to act as fund accountant and administrator.

For the year ending 31 January 2024 the Company agreed to pay to the Investment Manager a fee of £78,336 (2023: £72,000) quarterly in arrears in respect of the provision of fund accounting and administration services. This fee is subject to an annual increase in line with the consumer prices index. The appointment of the Investment Manager as investment manager and/or fund accountant and administrator 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.

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 is 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.	The Board places reliance upon the skills and expertise of the Manager, including 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 is likely to seek admission to AIM, in order to de-risk the investment, to the extent that this is possible, within an acceptable time frame. It may be that an investment is realised via a trade sale as this option is always a possibility. The Manager ensures Board representation or monitoring is a requirement of the investment agreement and, if a listing or trade sale does not occur, will continue to oversee board and operational management performance.

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. The VCT legislation contains a "sunset clause" which would have brought income tax relief to an end on 5 April 2025. Following confirmation by the Chancellor in his Autumn statement that the scheme will continue, the Finance Act has now been passed which allows VCT income tax relief to be available for subscriptions for VCT shares until 5 April 2035. This however can only come into force when the EU gives approval. The Board understands that HM Treasury officials expect approval to be given, but the timescale for this is not yet known.	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.
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 or to other stakeholders. 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 41.	The Board seeks to mitigate the internal control risk by setting policy, regular reviews of performance by the Manager and service providers, 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 and interest rate risk. The Company has from time to time been exposed to currency risk.	The Company's policies for managing these risks are outlined in full in notes 16 to 19 to the financial statements on pages 73 to 75. The Company is financed wholly 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. Wars in Europe and the Middle 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 resulted 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 high energy prices caused by poor Government energy policy decision-making in the rush to go green, reliance for energy supplies on Russia and the impact of that country's invasion of 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.	
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 Nomination Committee of the Company considers third-party suppliers' performance annually. The Board considers the Manager's performance at every quarterly meeting.
Concentration Risk	Although the Company has a diversified portfolio of investments, the twenty largest investments account for just over half of the total investments. A material fall in any one non-money market 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 annually 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 page 39 in the Statement of Corporate Governance.
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 macroeconomic issues. The Board also expects good standards at the companies within which the Company is invested and, as described on page 28, the Manager remains a signatory to the UK Stewardship Code, and the Principles for Responsible Investment.

Stakeholder	Importance	Board Engagement
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, as well as being subject to a more formal annual review of both performance and fees by the Remuneration Committee.
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 quoted investee company but does interact with Directors and senior management of quoted investee companies regularly. The Manager does ensure direct or indirect representation is achieved on the boards of unquoted companies. 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.

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 reaffirmed their commitment to the policies. An example of a principal decision made during the year, and how the Board fulfilled its duties under Section 172, is set out below:

Principal Decision	Long-term impact	Stakeholder Engagement
Second Interim Dividend	Payment of a second interim dividend gave additional comfort that the 80% test would be maintained, given the challenging market conditions, which had resulted in fewer fund raises on AIM this year.	The Board considered how shareholders would receive a second interim dividend, but agreed that such a payment remained within the dividend policy and was in line with market practice, noting that other peer VCTs had also paid second interim dividends.

Section 172 Statement
Directors' Duty to Promote the Success of the Company (continued)

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. However, the Board does consider the impact of its operations on the environment and over the past couple of years the Board made the decisions to no longer pay all cash dividends via cheque and to no longer provide printed copies of the Company's Half-Yearly report in order to reduce the use of paper. The Company engaged with its shareholders on the matter.

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, is signatory to the 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 2023, the Manager voted in respect of 59 Amati AIM VCT holdings at 78 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 year 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 "nonqualifying" 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.

Other Matters (continued)

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 2029, 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 and cash flow 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 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.

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 three non-executive directors, two of whom are female and one is male.

On behalf of the Board

Fiona Wollocombe
Chairman

11 April 2024

Board of Directors

Fiona Wollocombe
Chairman of the Board

Fiona Wollocombe was appointed to the Board in June 2021 and was appointed Chairman at the end of the AGM in June 2022. She is also chairman of Kings Arms Yard VCT plc and trustee 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 re-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, constructive challenge of the Manager, and contribute to strategic discussions in her role as Chairman of the Board. Following a comprehensive board evaluation process, the board agreed that Fiona continues to be an effective Chairman and 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.

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.

Julia Henderson
Non-Executive Director and Chairman of the Remuneration and Nominations Committees

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.

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

Directors' Report

The Statement of Corporate Governance on pages 36 to 39 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 8th Floor, 100 Bishopsgate, London EC2N 4AG. 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 Fiona Wollocombe, who was the appointed Chairman of the Board from June 2022, Julia Henderson and Brian Scouler. The Company indemnifies its Directors and officers and has purchased insurance to cover its Directors.

The rules concerning the appointment and replacement of Directors are contained within the Company's Articles of Association and the Companies Act 2006. The Articles of Association can be amended by shareholders at a General Meeting.

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 at every Board meeting. 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 WS Amati UK Listed 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

During the year, the Board 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. The Directors approved the continued appointment of the Manager in line with existing terms.

Dividend

The Company paid an interim dividend of 2.5p per share on 24 November 2023 followed by a second interim dividend of 2.5p per share on 12 January 2024. Given that the Company has already met the target set in the dividend policy, a final dividend will not be proposed this year. In line with best practice, and in lieu of a resolution to approve a final dividend, a resolution to approve the Company's dividend policy will be put to shareholders at the AGM.

Share Capital

There were 151,069,824 ordinary shares in issue at the year end. During the year 2,351,086 shares in the Company were allotted as a result of the Dividend Re-investment Scheme. During the year 2,830,255 shares in the Company with a nominal value of 5p per share were bought back for an aggregate consideration of £2.9m at an average price of 102p per share (representing 1.9% of the shares in issue at 31 January 2024). Since the year end, 1,507,233 shares have been bought back for an aggregate consideration of £1.3m at an average price of 87p 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 20,661,900 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 the Annual General Meeting to be held on 13 June 2024 is set out on pages 80 to 85. The Company intends for the meeting to be in person at the 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 80.

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 £2,244,000, representing approximately 30 per cent. of the Company's total issued ordinary share capital as at 9 April 2024 (being the latest practicable date prior to publication of this document).

As at 9 April 2024, 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 2025, 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. The Directors will only issue new shares at a price at, or at a premium to, the NAV per share at the time of issuance.

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 Directors will only issue new shares at a price at, or at a premium to, the NAV per share at the time of issuance.

The authority is limited to:

(i) an aggregate nominal amount of £1,944,000 (representing approximately 26 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 £300,000 (representing approximately 4 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 2025, 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 9 April 2024 this would equate to 22,419,432 ordinary shares. Purchases will be made on the open market and Resolution 12 specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority and all purchases would be made in accordance with the provisions of the Companies Act 2006 and the Listing Rules. 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 2025, unless previously cancelled or varied by the Company in general meeting.

Resolution 13 – 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 12 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

Following an evaluation of the auditor, the Board proposes that BDO LLP be reappointed as independent auditor to the Company at the AGM. 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 assessment can be found in the Audit Committee report on page 42.

Substantial Shareholdings

	31 January 2024		As at the date of this report	
	No of ordinary share held	% of shares in issue	No of ordinary shares held	% of shares in issue
Hargreaves Lansdown (Nominees) Limited	6,492,947	4%	6,586,294	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. Biographical details of all Directors and their reasons for re-election are set out on page 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 30. 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 and the continued increasing in inflation and interest rates.

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 it 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.

The Board is satisfied that there has been no 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 48 to 55 of this annual 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 2024.

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 16 to 19 on pages 73 to 75.

Future Developments

Significant events which have occurred after the year end are detailed in note 21 on page 76. Future developments which could affect the Company are discussed in the outlook sections of the Chairman's Statement and Fund Manager's Review.

On behalf of the Board

Fiona Wollocombe

Chairman

11 April 2024

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 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 the Remuneration Committee therefore 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. The UK Code is available from the Financial Reporting Council's website at www.frc.org.uk. 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 three 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.

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 service contract 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. During the year, the Board reviewed and approved the schedule of matters reserved for the Board.

All of 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, and during the reporting period, reviewed and approved the Board Tenure Policy. 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 2023 the evaluation was undertaken by the Company Secretary in the format of a board evaluation questionnaire covering a range of topics. 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 page 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.
- the discussion at Board meetings is considered to be of a good quality.
- succession planning has continued to be a focus for the Board. The Nomination Committee has carefully considered the size of the Board following the changes to its composition during the year, and has agreed that a Board of three is fit for the current requirements of the Company for the time being. The Nomination Committee further agreed that it will continue to monitor and review the composition of the Board during 2024.

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/amatiaimvct/the-board-1.

Audit Committee

The Report of the Audit Committee is included on pages 40 to 42 and forms part of this statement.

Remuneration Committee

The Directors' Remuneration Report can be found on pages 43 to 46 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 chair 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.

The Committee will continue to review the composition of the Board and succession planning during 2024.

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 Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity.

In accordance with LR 9.8.6R (9)(a), the following table summarises the gender and ethnicity of our current Board as at 31 January 2024. We are fully compliant with the requirements that at least 40% of individuals on the board are women and that at least one of the senior board positions is held by a woman. However, we do not currently comply with the requirement that one Director should be from an ethnic minority background. This is something the Board will be mindful of in any future recruitment.

Gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and chair)
Men	1	33.3%	–
Women	2	66.7%	1
Other	–	–	–
Not specified/ prefer not to say	–	–	–

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (SID and chair)
White British or other White (including minority white groups)	3	100%	1
Mixed/ Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/ Caribbean/Black British	–	–	–
Not specified/ prefer not to say	–	–	–

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 2024.

	Board meetings		Audit committee meetings		Remuneration committee meetings		Nomination committee meetings	
Director	held	attended	held	attended	held	attended	held	attended
Julia Henderson	4	4	3	3	1	1	1	1
Brian Scouler	4	4	3	3	1	1	1	1
Fiona Wollocombe	4	4	3	3	1	1	1	1

The Board is in regular contact with the Manager between Board meetings. In addition to the above meetings, the Board met on an ad hoc basis during the year to discuss various strategic matters as they arose.

Internal Control

Details of the principal risks and internal controls applied by the Board are set out on pages 22 to 25. The disclosures on internal control and risk management procedures in the Report of the Audit Committee on page 40 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, that can be emailed to AmatiAIMVCTChair@amatiglobal.com. All communication from shareholders is recorded and reviewed by the Board at every Board meeting 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.

The notice of the AGM accompanies this annual report, which is sent to shareholders via post and email, depending on their preferences. 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 34.

On behalf of the Board

Fiona Wollocombe
Chairman

11 April 2024

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 Fiona Wollocombe's experience, it is felt appropriate for her to sit on the Audit Committee as permitted by the AIC Code.

Role of the Committee

During the year ended 31 January 2024 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; and
- 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.

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 29.
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. Independent third party valuations are used to corroborate the Manager's valuations. 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 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 18 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 21, the management of the investment portfolio, the custodial services including the safeguarding of the assets, the day-to-day fund accounting and administration, the company secretarial services 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.

As an externally managed investment trust, the Committee 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 reported 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

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 LLP in the year under review (2023: 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 LLP's fee in respect of the audit for the year ended 31 January 2024 is £48,000 (2023: £44,500).

Following professional guidelines, the audit partner rotates after five years. The year ended 31 January 2024 is Peter Smith's fourth 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. Following the 2021 tender and evaluation process, the decision was made for the audit to remain with BDO LLP. The Committee expects to repeat a tender process no later than 2030 in respect of the audit for the following 31 January year end, in line with the current audit regulations.

The Committee has recommended to the Board that, subject to Shareholder approval at the AGM due to be held on 13 June 2024, BDO LLP be re-appointed as the auditor of the Company for the forthcoming year.

By order of the Board

Brian Scouler

Chairman of the Audit Committee

11 April 2024

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 as well as the Remuneration Policy 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 48 to 55.

The Remuneration 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.

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 aggregate remuneration which may be paid to all Directors shall not exceed £150,000 per annum. 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 2023, in line with the Consumer Prices Index including owner occupiers' housing costs ("CPIH") as the Directors felt this indicator represented a more comprehensive measure of inflation.

Directors' Remuneration Report

The remuneration committee receives a report on peer group remuneration annually and benchmarks the remuneration of the Directors against this report.

Directors' Remuneration Policy

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole, be fair and comparable with that of other companies that are similar in size and nature to the Company and have similar objectives and structures. Directors' fees are set with a view to attracting and retaining the Directors required to oversee the Company effectively and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is the intention of the Board that, unless any revision to this policy is deemed necessary, this policy will continue to apply in the forthcoming and subsequent financial years. The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

This policy was last approved by the members at the AGM in 2021. In accordance with the regulations, shareholders will be given the opportunity to approve the Directors' remuneration policy at least once every three years. Therefore an ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at the forthcoming AGM.

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
Julia Henderson	4 May 2018	2024 AGM
Brian Scouler	4 May 2018	2024 AGM
Fiona Wollocombe	10 June 2021	2024 AGM

Directors' fees for the year (Audited)

The fees payable to individual Directors in respect of the year ended 31 January 2024 are shown in the table below.

	Year ended 31 January 2024 (audited)				
	Fees £	Taxable benefits† £	Total £	Total fixed remuneration £	Total variable remuneration £
Julia Henderson	**26,462**	**525**	**26,987**	**26,462**	**–**
Brian Scouler	**28,579**	**–**	**28,579**	**28,579**	**–**
Fiona Wollocombe	**30,697**	**–**	**30,697**	**30,697**	**–**
	85,738	**525**	**86,263**	**85,738**	**–**

	Year ended 31 January 2023 (audited)				
	Fees £	Taxable benefits† £	Total £	Total fixed remuneration £	Total variable remuneration £
Peter Lawrence*	10,130	531	10,661	10,130	–
Julia Henderson	24,500	303	24,803	24,500	–
Susannah Nicklin**	15,333	363	15,696	15,333	–
Brian Scouler	26,000	–	26,000	26,000	–
Fiona Wollocombe	27,019	–	27,019	27,019	–
	102,982	**1,197**	**104,179**	**102,982**	**–**

† Reimbursement of travel expenses
* retired at the end of the AGM on 16 June 2022
** resigned on 19 September 2022

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 2024, whether for loss of office or otherwise.

Annual percentage change in remuneration of Directors

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

	2024 £	2023 £	2022 £	2021 £	2020 £	2023-2024 %	2022-2023 %	2021-2022 %	2020-2021 %
Peter Lawrence**	–	10,130	25,378	24,960	24,651	n/a	n/a	1.67	1.26
Julia Henderson	**26,462**	24,500	22,905	22,575	22,295	8.01	6.96	1.46	1.26
Susannah Nicklin***	–	15,333	22,905	22,575	22,295	n/a	n/a	1.46	1.26
Brian Scouler	**28,579**	26,000	22,905	22,575	22,295	9.92	13.51	1.46	1.26
Fiona Wollocombe*	**30,697**	27,019	23,000	–	–	13.61	17.47	n/a	n/a

* appointed on 10 June 2021 therefore fee for 2022 is calculated on a pro-rata basis in order to provide a meaningful percentage change.
** resigned on 16 June 2022
*** resigned on 19 September 2022

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 2024

The Committee will, as usual, review Directors' fees during 2024, taking account of the time required to be committed to the business of the Company, CPIH 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 2024 and the prior year:

	2024 £	2023 £	Percentage increase/ (decrease)
Total dividend paid to shareholders	**12,803,519**	12,110,420	5.7%
Total repurchase of own shares	**2,881,901**	2,438,875	18.2%
Total Directors' fees	**85,738**	102,982	(16.7%)

Directors' shareholdings (Audited)

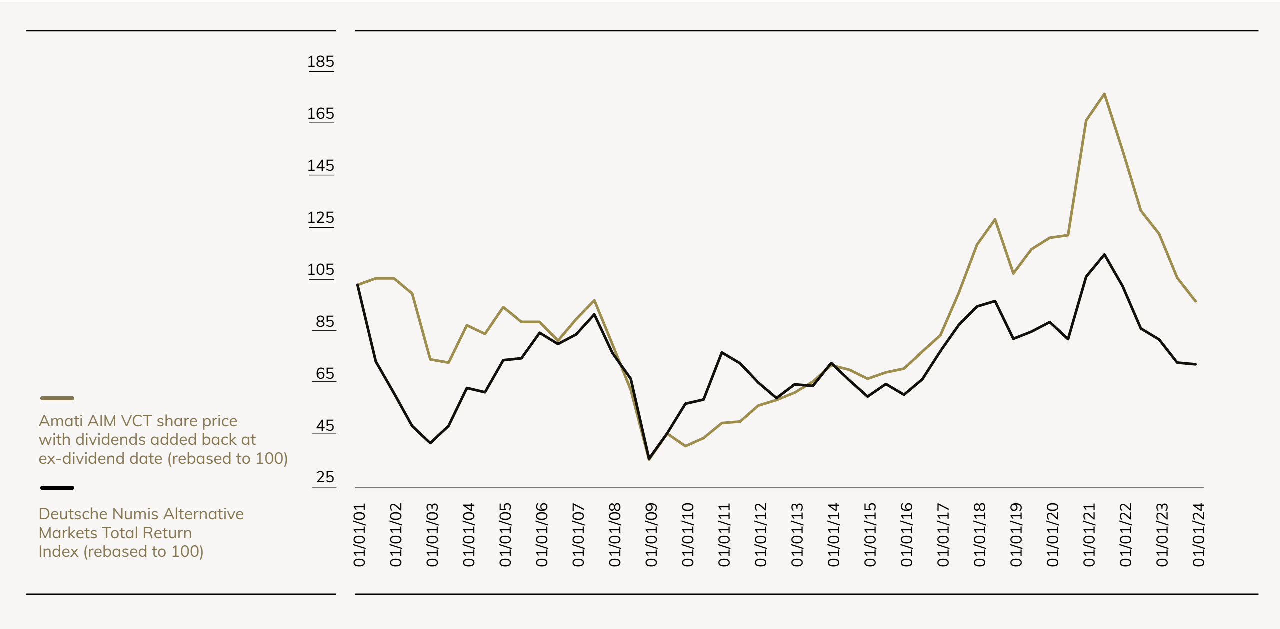
The Directors who held office at 31 January 2024 and their interests in the shares of the Company (including beneficial and family interests) were:

	Year ended 31 January 2024		Year ended 31 January 2023	
	Shares held	% of issued shares capital	Shares held	% of issued shares capital
Julia Henderson	**22,376**	**0.01**	22,376	0.01
Brian Scouler	**69,341**	**0.05**	63,806	0.04
Fiona Wollocombe	**19,763**	**0.01**	19,763	0.01

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 Deutsche 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 15 June 2023, 92.25% of shareholders voted for, 7.75% voted against and 352,051 shares were withheld in respect of the resolution approving the Directors' Remuneration Report. At the AGM held on 9 June 2021 98.42% of shareholders voted for the Remuneration Policy with 1.58% voting against and 86,746 shares withheld.

On behalf of the Board

Julia Henderson

Chairman of the Remuneration Committee

11 April 2024

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

Fiona Wollocombe

Chairman

11 April 2024

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 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Amati AIM VCT Plc (the 'Company') for the year ended 31 January 2024 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the conclusion of a formal tender process in 2021, we were re-appointed by the 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 14 years, covering the years ended 31 January 2011 to 31 January 2024. 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 prepared by management's expert during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- Assessing the liquidity of the quoted investment portfolio. We obtained the daily trading volume of each quoted investment for the financial year.

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

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

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

Overview

	2024	2023
Key audit matters		
Valuation and ownership of investments	✓	✓
Materiality		
Company financial statements as a whole £1,430,000 (2023: £1,700,000) based on 1% (2023: 1%) of net assets.		

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1, 8 and 15) 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. There is also an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on management fees. 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 quoted investments. We performed the following procedures. In respect of quoted investment valuations (93% 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 a sample of unquoted investment valuations (remaining 7% 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 whether the assumptions and underlying evidence supporting the year end valuations are in line with UK Generally Accepted Accounting Practice 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. • We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies.

Independent Auditor's Report (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
	For investments sampled that were valued using less subjective valuation techniques (cost, reviewed for changes in fair value) we • Verified the cost or price of recent investment to supporting documentation; • Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee Company; • Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and • Considered whether the price of recent investment is supported by alternative valuation techniques. For investments sampled that were valued using more subjective techniques (earnings multiples, revenue multiples, probability-weighted expected return models and discounted cash flow forecasts) we: • Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations; • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate. Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. **Key observations:** Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

Our application of materiality

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

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

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

	Company Financial Statements	
	2024 £m	2023 £m
Materiality	1.43	1.7
Basis for determining materiality	1% of Net assets	1% of net assets adjusted to exclude fund raising during the year
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 net asset value.	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 net asset value.
Performance materiality	1.0	1.2
Basis for determining performance materiality	75% of Materiality (approx)	75% of Materiality (approx.)
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £70,000 (2023: £34,000) 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 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

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

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager, the Administrator and those charged with governance and;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of the Investment Manager, the Administrator and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager, the Administrator and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the VCT's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- In addressing the risk of valuation of unlisted investments, the procedures set out in the key audit matter section in our report were performed;
- In addressing the risk of management override of control, we:
- Tested journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatements due to fraud.
  - Tested journals posted in the preparation of the financial statements;
  - Incorporated unpredictability into our testing by selecting a sample of immaterial expenses that would not otherwise have been selected for testing;
  - Reviewed the significant judgements made in the unlisted investment valuations and considering whether the valuation methodology is the most appropriate;
  - Considered any indicators of bias in our audit as a whole; and
  - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities 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

11 April 2024

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

Income Statement
for the year ended 31 January 2024

	Notes	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Loss on investments	8	**–**	**(44,781)**	**(44,781)**	–	(55,748)	(55,748)
Gain on current asset investments		**–**	**55**	**55**	–	–	–
Foreign exchange losses		**–**	**(32)**	**(32)**	–	–	–
Investment income	2	**3,196**	**–**	**3,196**	1,810	–	1,810
Management fee	3	**(676)**	**(2,029)**	**(2,705)**	(930)	(2,788)	(3,718)
Other expenses	4	**(537)**	**(13)**	**(550)**	(588)	–	(588)
Profit/(loss) on ordinary activities before taxation		**1,983**	**(46,800)**	**(44,817)**	292	(58,536)	(58,244)
Taxation on ordinary activities	5	**–**	**–**	**–**	–	–	–
Profit/(loss) and total comprehensive income attributable to shareholders		**1,983**	**(46,800)**	**(44,817)**	292	(58,536)	(58,244)
Basic and diluted earnings/(loss) per ordinary share	7	**1.31p**	**(31.02)p**	**(29.71)p**	0.19p	(38.99)p	(38.80)p

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 61 to 76 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 January 2024

		Non-distributable reserves			
	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
Opening balance as at 1 February 2023	7,578	940	425	908	12,918
(Loss)/profit and total comprehensive income for the year	–	–	–	–	(37,561)
Contributions by and distributions to shareholders:					
Repurchase of shares	(142)	–	–	142	–
Shares issued	117	2,251	–	–	–
Costs of share issues	–	(54)	–	–	–
Dividends paid	–	–	–	–	–
Closing balance as at 31 January 2024	**7,553**	**3,137**	**425**	**1,050**	**(24,643)**

for the year ended 31 January 2023

		Non-distributable reserves			
	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
Opening balance as at 1 February 2022	6,836	109,545	425	819	80,666
(Loss)/profit and total comprehensive income for the year	–	–	–	–	(67,748)
Contributions by and distributions to shareholders:					
Repurchase of shares	(89)	–	–	89	–
Shares issued	831	26,351	–	–	–
Costs of share issues	–	(132)	–	–	–
Dividends paid	–	–	–	–	–
Cancellation of share premium*	–	(134,824)	–	–	–
Expenses in relation to cancellation of share premium account	–	–	–	–	–
Closing balance as at 31 January 2023	7,578	940	425	908	12,918

The accompanying notes on pages 61 to 76 are an integral part of these financial statements.

* Following Court approval and the subsequent registration of the Court order with the Registrar of Companies on 14 September 2022, the cancellation of the Company's share premium account became effective and an amount of £134,824,000 was transferred from the Share Premium account to the Special Reserve. The Special Reserve is available for distribution as determined in accordance with the Companies Act 2006 and HMRC rules specific to venture capital trusts.

Statement of Changes in Equity (continued)

for the year ended 31 January 2024

	Special reserve £'000	Distributable reserves Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
Opening balance as at 1 February 2023	177,385	3,108	(1,981)	201,281
(Loss)/profit and total comprehensive income for the year	–	(9,239)	1,983	(44,817)
Contributions by and distributions to shareholders:				
Repurchase of shares	(2,896)	–	–	(2,896)
Shares issued	–	–	–	2,368
Costs of share issues	–	–	–	(54)
Dividends paid	(12,804)	–	–	(12,804)
Closing balance as at 31 January 2024	**161,685**	**(6,131)**	**2**	**143,078**

for the year ended 31 January 2023

	Special reserve £'000	Distributable reserves Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
Opening balance as at 1 February 2022	57,160	(6,104)	(2,273)	247,074
(Loss)/profit and total comprehensive income for the year	–	9,212	292	(58,244)
Contributions by and distributions to shareholders:				
Repurchase of shares	(2,451)	–	–	(2,451)
Shares issued	–	–	–	27,182
Costs of share issues	–	–	–	(132)
Dividends paid	(12,110)	–	–	(12,110)
Cancellation of share premium*	134,824	–	–	–
Expenses in relation to cancellation of share premium account	(38)	–	–	(38)
Closing balance as at 31 January 2023	177,385	3,108	(1,981)	201,281

The accompanying notes on pages 61 to 76 are an integral part of these financial statements.

* Following Court approval and the subsequent registration of the Court order with the Registrar of Companies on 14 September 2022, the cancellation of the Company's share premium account became effective and an amount of £134,824,000 was transferred from the Share Premium account to the Special Reserve. The Special Reserve is available for distribution as determined in accordance with the Companies Act 2006 and HMRC rules specific to venture capital trusts.

Balance Sheet
as at 31 January 2024

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments held at fair value	8	**98,220**	142,354
Current assets			
Debtors	9	**261**	329
Money market funds	9	**30,547**	–
Cash at bank	10	**15,003**	59,595
		45,811	59,924
Current liabilities			
Creditors: amounts falling due within one year	11	**(953)**	(997)
		(953)	(997)
Net current assets		**44,858**	58,927
Total assets less current liabilities		**143,078**	201,281
Capital and reserves			
Called-up share capital*	12	**7,553**	7,578
Share premium account*		**3,137**	940
Merger reserve*		**425**	425
Capital redemption reserve*		**1,050**	908
Capital reserve (non distributable)*		**(24,643)**	12,918
Special reserve		**161,685**	177,385
Capital reserve (distributable)		**(6,131)**	3,108
Revenue reserve		**2**	(1,981)
Equity shareholders' funds		**143,078**	201,281
Net asset value per share	13	**94.7p**	132.8p

* These reserves are not distributable.

The financial statements on pages 56 to 60 were approved and authorised for issue by the Board of Directors on 11 April 2024 and were signed on its behalf by

Fiona Wollocombe
Chairman

Company Number 04138683

The accompanying notes on pages 61 to 76 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 31 January 2024

	2024 £'000	2023 £'000
Cash flows from operating activities		
Investment income received	**2,204**	1,299
Investment management fees paid	**(2,957)**	(3,910)
Transaction costs	**(13)**	–
Other operating costs	**(559)**	(572)
Net cash outflow from operating activities	**(1,325)**	(3,183)
Cash flows from investing activities		
Purchase of investments	**(13,276)**	(12,422)
Sale of investments	**12,887**	31,166
Purchase of current assets	**(69,952)**	–
Disposal of current assets	**40,229**	–
Net cash (outflow)/inflow from investing activities	**(30,112)**	18,744
Net cash (outflow)/inflow before financing activities	**(31,437)**	15,561
Cash flows from financing activities		
Proceeds of share issues*	**–**	24,931
Issue costs	**(35)**	(132)
Share buy-backs	**(2,684)**	(2,701)
Equity dividends paid	**(10,436)**	(9,859)
Costs of share premium cancellation	**–**	(38)
Net cash (outflow)/inflow from financing activities	**(13,155)**	12,201
(Decrease)/increase in cash	**(44,592)**	27,762
Opening cash & cash equivalents	**59,595**	31,833
Closing cash & cash equivalents	**15,003**	59,595

Reconciliation of Loss on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities	2024 £'000	2023 £'000
Loss on ordinary activities before taxation	**(44,817)**	(58,244)
Loss on investments	**44,781**	55,748
Gain on current assets	**(55)**	–
Foreign exchange loss on currency balances	**32**	–
Less dividends reinvested	**(1,059)**	(223)
Decrease in creditors	**(275)**	(188)
Increase /(decrease) in debtors	**68**	(276)
Net cash outflow from operating activities	**(1,325)**	(3,183)

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

The accompanying notes on pages 61 to 76 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 its 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 the likely impacts of international and economic uncertainties on the Company, operations and the 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 Directors have 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 is 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 and money market funds 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.

Costs in relation to the purchase or sale of investments are recognised as a capital expense.

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.

Transaction costs in relation to the purchase and sale of investments are allocated to capital. Prior to 1 February 2023 these were included within the cost and/or disposal of investment.

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.

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.

1 Accounting Policies (continued)

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. Until 31 January 2023, included within this heading were transaction costs in relation to the purchase and sale of investments. However, from 1 February 2023 transaction costs in relation to the purchase or sale of investments have been recognised as a capital expense.

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 fair values 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.

The valuation of the Company's investment in WS Amati UK Listed Smaller Companies Fund is based on the published share price. The valuation is provided by the Authorised Corporate Director of the fund, Waystone Fund Managers Limited.

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.

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 at Bank

For the purposes of the Balance Sheet, cash comprises cash at bank and demand deposits.

Demand deposits are short term deposits with deposit taking banks readily realisable at the Company's discretion.

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

Current Asset Investments

Current asset investments comprise of investments in money market funds and are designated as Fair Value through Profit or Loss. Gains and losses arising from changes in fair value of current investments are recognised as part of the capital return within the income statement and allocated to the capital reserve.

The current asset investments are readily convertible into cash at the choice of the Company within seven days. The money market funds are used to enhance returns on surplus cash awaiting investment. These are actively managed and the performance evaluated by the Investment Manager.

Debtors

Trade receivables, prepayments and other debtors are measured at amortised cost or estimated fair value, with balances revalued for exchange rate movements. Any losses arising from impairment are recognised in the income statement in other operating expenses upon notification.

Creditors

Trade payables and accruals are measured at amortised cost and revalued for exchange rate movements.

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 was created by the cancellation of the share premium account by order of the Court and forms part of the distributable reserves. Distributions may be restricted as determined in accordance with the Companies Act 2006 and HMRC rules specific to venture capital trusts. The following items are taken to this reserve:

- costs of share buybacks; and
- dividends payable to shareholders.

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

Capital Reserve – investment holding gains, not distributable:

- increase and decrease in the value of investments and current assets 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 2024 £'000	Year to 31 January 2023 £'000
Dividends from UK companies	**835**	843
Dividends from money market funds	**1,372**	–
UK loan stock interest	**253**	447
Interest from deposits	**736**	519
Other income	**–**	1
	3,196	1,810

3 Management Fees

The Manager provides investment management and fund accounting and administration services to the Company under an Investment Management Agreement ("IMA") and a Fund Administration, Secretarial and Fund Accounting Agreement ("FASSFAA"). Details of these agreements are given on page 21.

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 WS Amati UK Listed Smaller Companies Fund.

The investment management fee for the year was as follows:

	Year to 31 January 2024 £'000	Year to 31 January 2023 £'000
Due to the Manager by the Company at 1 February	**857**	1,049
Investment management fee charged to revenue and capital for the year	**2,705**	3,718
Fees paid to the Manager during the year	**(2,957)**	(3,910)
Due to the Manager by the Company at 31 January	**605**	857

In addition to the investment management fee the Manager also received a fund accounting and administration fee of £78,000 (2023: £72,000) paid quarterly in arrears. See note 4.

No performance fee is payable in respect of the year ended 31 January 2024, 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 average net assets over the period, 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). Annual running costs as a percentage of net assets are 1.8%.

There was no excess of expenses for the year ended 31 January 2024 nor for the prior year.

4 Other Expenses

	Year to 31 January 2024 £'000	Year to 31 January 2023 £'000
Income:		
Directors' remuneration	**86**	103
Directors' employer's national insurance	**3**	9
Directors' expenses	**1**	2
Auditor's remuneration – audit of statutory financial statements	**50**	45
Administration fee	**78**	71
Company secretarial services	**55**	48
Other expenses	**264**	310
Total income expenses	**537**	588
Capital:		
Transaction costs on investment transactions charged to capital	**13**	–
Total	**550**	588

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 44.

5 Tax on Ordinary Activities

5a Analysis of charge for the year

	Year to 31 January 2024 £'000	Year to 31 January 2023 £'000
Charge for the year	**–**	–

5b Factors affecting the tax charge for the year

	Year to 31 January 2024 £'000	Year to 31 January 2023 £'000
Loss on ordinary activities before taxation	**(44,817)**	(58,244)
Corporation tax at standard rate of 24.03% (2023: 19.00%)	**(10,770)**	(11,066)
Effect of:		
Non-taxable dividends	**(201)**	(160)
Non-taxable losses on investments	**10,748**	10,592
Movement in excess management expenses	**212**	634
Non-deductible expenses	**11**	–
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 capital gains arising on the disposal or valuation of investments as such gains are not taxable. We remain of the view that the provisions of CTA 2009 sections 396 and 641 apply to treat any gains/losses on loan instruments as taxable under the chargeable gains provisions in TCGA 1992 and further exempt the VCT from tax under the provisions in s100.

No deferred tax asset has been recognised on surplus management expenses carried forward as it is not envisaged that future taxable profits will be available against which the Company can use the benefits. The amount of unrecognised deferred tax asset is £7,047,000 (31 January 2023: £6,827,000) based on a corporate tax rate of 25%.

6 Dividends

Amounts recognised as distributions to equity holders during the year:

	2024 Revenue £'000	**2024 Capital £'000**	**2023 Revenue £'000**	**2023 Capital £'000**
Final dividend for the year ended 31 January 2023 of 3.50p per ordinary share paid on 21 July 2023	**–**	**5,275**	–	–
Interim dividend for the year ended 31 January 2024 of 2.50p per ordinary share paid on 24 November 2023	**–**	**3,761**	–	–
Second interim dividend for the year ended 31 January 2024 of 2.50p per ordinary share paid on 12 January 2024	**–**	**3,768**	–	–
Final dividend for the year ended 31 January 2022 of 4.50p per ordinary share paid on 22 July 2022	**–**	**–**	–	6,803
Interim dividend for the year ended 31 January 2023 of 3.50p per ordinary share paid on 25 November 2022	**–**	**–**	–	5,307
	–	**12,804**	–	12,110

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

	2024 Revenue £'000	2024 Capital £'000	2023 Revenue £'000	2023 Capital £'000
Interim dividend for the year ended 31 January 2024 of 2.50p per ordinary share (2023: 3.50p)	**–**	**3,761**	–	5,307
Second interim dividend for the year ended 31 January 2024 of 2.50p per ordinary share (2023: 0.00p)	**–**	**3,768**	–	–
Final dividend declared for the year ended 31 January 2023 of 3.50p per ordinary share	**–**	**–**	–	5,287
	–	**7,529**	–	10,594

7 Earnings per Share

	2024			2023		
	Net profit/ (loss) £'000	Weighted average shares	Basic and diluted Earnings per share pence	Net profit/ (loss) £'000	Weighted average shares	Basic and diluted Earnings per share pence
Revenue	**1,983**	**–**	**1.31**	292	–	0.19
Capital	**(46,800)**	**–**	**(31.02)**	(58,536)	–	(38.99)
Total	**(44,817)**	**150,837,712**	**(29.71)**	(58,244)	150,110,568	(38.80)

8 Investment

	Level 1* £'000	Level 2* £'000	Level 3* £'000	Total £'000
Opening cost as at 1 February 2023	120,593	–	9,071	129,664
Opening investment holding gains/(losses)	17,246	–	(4,328)	12,918
Opening unrealised loss recognised in realised reserve	(228)	–	–	(228)
Opening fair value as at 1 February 2023	**137,611**	**–**	**4,743**	**142,354**
Analysis of transactions during the year:				
Purchases at cost*	11,051	–	2,500	13,551
Transfer to Level 1	4	–	(4)	–
Disposals – proceeds received	(12,904)	–	–	(12,904)
– realised loss on disposals	(8,927)	–	–	(8,927)
(Decrease) in investment holding gains during the year	(34,925)	–	(929)	(35,854)
Closing fair value as at 31 January 2024	**91,910**	**–**	**6,310**	**98,220**
Closing cost as at 31 January 2024	111,689	–	11,542	123,231
Closing investment holding gains/(losses) as at 31 January 2024	(19,551)	–	(5,232)	(24,783)
Closing unrealised loss recognised in realised reserve at 31 January 2024	(228)	–	–	(228)
Closing fair value as at 31 January 2024	**91,910**	**–**	**6,310**	**98,220**
Equity shares	91,910	–	2,151	94,061
Convertible loan notes	–	–	4,159	4,159
Closing fair value as at 31 January 2024	**91,910**	**–**	**6,310**	**98,220**

* Includes £13.3m invested in qualifying holdings.

8 Investment (continued)

Holdings of ordinary shares in unquoted companies rank pari passu for voting purposes.

The Company received £12,904,000 (2023: £29,247,000) from the sale of investments in the year. The book cost of these investments when they were purchased was £21,831,000 (2023: £18,509,000). 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.

	2024 £'000	2023 £'000
Realised losses on disposal	**(8,927)**	(4,156)
Unrealised losses on investments during the year	**(35,854)**	(51,592)
Net losses on investments	**(44,781)**	(55,748)

Transaction Costs

During the year the Company incurred transaction costs of £nil (31 January 2023: £nil) and £13,000 (31 January 2023: £14,000) on purchases and sales of investments respectively. These amounts are included in capital expenses; (2023: included in investment gains on investments) as disclosed in the Income Statement.

9 Current assets: Debtors and money market funds

	2024 £'000	2023 £'000
Prepayments and accrued income	**261**	329
Money market funds	**30,547**	–
	30,808	329

10 Cash at bank

	2024 £'000	2023 £'000
Cash at bank	**3,003**	59,595
Cash on deposit	**12,000**	–
	15,003	59,595

11 Creditors: Amounts Falling due within One Year

	2024 £'000	2023 £'000
Payable for share buybacks	**212**	–
Fundraising costs	**19**	–
Accruals and other payables	**722**	997
	953	997

The Company at 31 January 2024 had commitments of £1,000,000 to invest in qualifying holdings (2023: nil).

12 Share Capital

Ordinary shares (5p shares)	2024 Number	2024 £'000*	2023 Number	2023 £'000*
Allotted, issued and fully paid at 1 February	**151,548,993**	7,578	136,720,797	6,836
Issued during the year	**2,351,086**	117	16,617,329	831
Repurchase of own shares for cancellation	**(2,830,255)**	(142)	(1,789,133)	(89)
At 31 January	**151,069,824**	7,553	151,548,993	7,578

* Nominal value

During the year a total of 2,830,255 ordinary shares of 5p each were purchased by the Company at an average price of 101.8p per share.

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

13 Net Asset Value per Ordinary Share

	2024			2023		
	Net assets £'000	Ordinary shares	NAV per share pence	Net assets £'000	Ordinary shares	NAV per share pence
Ordinary share	**143,078**	**151,069,824**	**94.7**	201,281	151,548,993	132.8

14 Significant Interests

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

	% held
Northcoders Group plc	13.8
Getech Group plc	11.5
Velocity Composites plc	10.6
Fadel Partners, Inc	10.3
Ixico plc	10.1
Tan Delta Systems plc	9.8
Aurrigo International plc	9.8
One Media iP Group plc	8.0
Hardide plc	7.7
Cordel Group plc	7.6
Zenova Group plc	7.2
Block Energy plc	7.1
Intelligent Ultrasound plc	6.7
Ensilica plc	6.0
Itaconix plc	5.8
Fusion Antibodies plc	5.6
Byotrol plc	5.5
Sosander plc	5.0
Water Intelligence plc	4.7
Polarean Imaging plc	4.6
Rosslyn Data Technologies plc	4.0
Saietta Group plc	3.7
Kinovo plc	3.4
Eden Research plc	3.1
Strip Tinning Holdings plc	3.1

15 Financial Instruments

The Company's financial instruments comprise equity 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, money market funds, or companies to be traded on AIM.

Classification of financial instruments

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

	2024 £'000	2023 £'000
Assets at fair value through profit or loss:		
Investments	**98,220**	142,354
Money market funds	**30,547**	–
Cash at bank and demand deposits	**15,003**	59,595
Creditors (amounts due within one year) measured at amortised cost:		
Payable for share repurchases outstanding	**(212)**	–
Accrued expenses and other payables	**(741)**	(997)
Total for financial instruments	**142,817**	200,952

The investments are measured at fair value through profit or loss. 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, currency 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.

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.

The table below sets out the fair value measurement of financial instruments as at the year end, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Notes to the Financial Statements (continued)

Financial assets at fair value

	Year ended 31 January 2024				Year ended 31 January 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity shares	**91,910**	**–**	**2,151**	**94,061**	137,611	–	166	137,777
Convertible loan notes	**–**	**–**	**4,159**	**4,159**	–	–	4,577	4,577
Money market funds	**30,547**	**–**	**–**	**30,547**	–	–	–	–
	122,457	**–**	**6,310**	**128,767**	137,611	–	4,743	142,354

The fair value of investments are derived as follows:

For quoted securities this is the bid price or, in the case of SETS securities, the last traded price. The Company's Level 1 investments are AIM traded and fully listed companies. Investments in WS Amati UK Listed Smaller Companies Fund are based on the published fund mid-price NAV.

Unquoted investments are valued by the Directors using rules consistent with IPEV guidelines. Where there is no observable input the investments are designated as Level 3 and the fair values determined as follows:

Equity shares are valued by using revenue multiples, net assets, discounted cashflows and industry valuation benchmarks. These multiples are derived from a basket of comparable quoted companies, with appropriate discounts applied. These discounts are subjective, based on the Manager's experience and assessment of disclosures made by the underlying investee company.

Convertible Loan Notes (CLNs) are fair valued using the present value of future cashflows using appropriate discount rates, benchmarking and assessing market transactions of similar CLNs. Further to this the fair value and interest accrued of the CLNs will be referenced to the assessment of disclosures made by the underlying investee company, (for example management accounts and forecasts), the terms of the agreement and referenced to the underlying assets held by the investee company. The inputs and information utilised in determining the fair value are subjective and based upon the Manager's experience. The fair values are reviewed by the Directors using rules consistent with IPEV guidelines. The details of the CLNs' fair value and interest are noted in the Investment Portfolio on pages 15 to 17.

Money market funds are fair valued at the latest published price.

The transfer to level 1 from level 3 is a security suspended recommenced trading.

Details of movements in Level 3 financial assets are set out below:

Level 3 financial assets at fair value

	Year ended 31 January 2024				Year ended 31 January 2023				
	Equity shares £'000	Preference shares £'000	Loan stock £'000	Total £'000	Equity shares £'000	Preference shares £'000	CVR £'000	Loan stock £'000	Total £'000
Opening balance at 1 February	**166**	**–**	**4,577**	**4,743**	501	–	711	4,500	5,712
Transfer (to)/from Level 1	**(4)**	**–**	**–**	**(4)**	67	–	–	–	67
Purchases at cost	**2,000**	**–**	**500**	**2,500**	301	–	–	3,049	3,350
Disposal proceeds	**–**	**–**	**–**	**–**	–	–	(119)	–	(119)
Total net losses recognised in the income statement	**(11)**	**–**	**(918)**	**(929)**	(703)	–	(592)	(2,972)	(4,267)
Closing balance at 31 January	**2,151**	**–**	**4,159**	**6,310**	166	–	–	4,577	4,743

16 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.

17 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, exchange rate movements and systematic risk (risk inherent to the market, reflecting economic and geopolitical factors).

The Company's strategy on the management of market risk is driven by the Company's investment objective as outlined on page 19. 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 valuation 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.

Investments of £91,910,000 as at 31 January 2024 are traded (31 January 2023: £ 137,611,000). A 30% decrease in stock prices as at 31 January 2024 would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by £27,573,000 (31 January 2023: £41,283,000); 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.

The money market funds as at 31 January 2024 £30,547,000 (31 January 2023: £nil) are not subject to significant market volatility through predominantly holding cash with regulated institutions.

As at 31 January 2024 4.9% (31 January 2023: 3.32%) of the Company's investments are in unquoted companies held at fair value. A change in market and company specific inputs that would result in a 30% decrease in the fair value of unquoted investments at 31 January 2024 would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by £1,893,000 (31 January 2023: £1,418,000); 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 had no exposure to any foreign currency (31 January 2023: £3,366,000). The Company may have exposure through investee companies.

A 5% rise or decline of Sterling gains foreign currency (i.e. non Pounds Sterling) assets and liabilities held at year end would have increased/decreased the net asset value by £nil (2023: £168,000).

This exposure is representative at the Balance Sheet date and may not be representative of the year as a whole.

Interest Rate Risk

Interest rate movements may affect the level of income receivable on cash deposits, any fixed interest securities and money market funds. The Company held four fixed interest investments of £4,159,000 (2023: £4,577,000), the weighted average interest of the convertible loan interest is 6.08% (2023: 3.87%). The details of the convertible loan notes' terms of agreement, fair value, interest chargeable and provisions are noted in the Investment Portfolio on pages 15 to 17.

Changes in interest rates will impact the fair value of the convertible loan notes due to the changes in inputs changing the present value of future payments and the benchmarking to similar convertible loan notes.

A change in market inputs, through changes in interest rates, that would result in a 1% decrease in the fair value of convertible loan notes at 31 January 2024 would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by £41,000 (31 January 2023: £46,000); 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, if the level of holding was maintained for a year. The convertible loan notes are fixed interest.

The Company held a cash balance at 31 January 2024 of £15,003,000 (2023: £59,595,000). 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 £150,000 (2023: £596,000). Management proactively manages cash balances. If there were a fall of 1% in interest rates, it would potentially reduce revenue of the Company by £150,000 (2023: £596,000).

The Company held £30,547,000 at 31 January 2024 in three money market funds. If the level of holdings was maintained for a year, a rise of interest rates of 1% would increase revenue by £305,000 or a fall reduce revenue by £305,000.

18 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 2024, the financial assets exposed to credit risk, representing convertible loan stock instruments, amounts due from brokers, accrued income, money market funds and cash amounted to £49,970,000 (31 January 2023: £64,474,000).

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 2024, cash is held at The Bank of New York Mellon (BNYM), in deposit accounts at two A+ rated banks, and in three money market funds for the purposes of diversification and risk management. 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 monitors the credit worthiness of BNYM, currently rated at Aa1 (Moody's), and the banks in which deposits are held.

There were no significant concentrations of credit risk to counterparties at 31 January 2024 or 31 January 2023.

19 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 4 to 30. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company has diversified the holding of cash through the holding of deposits with A+ rated banks and money market funds that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

The Company maintains sufficient investments in cash and readily realisable securities to pay expenses and finance future additional investments. At 31 January 2024, these investments were valued at £45,958,000 (31 January 2023: £123,326,000). 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.

20 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 12 and details of the Company's reserves are shown in the Statement of Changes in Equity on pages 57 and 58.

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.

21 Post Balance Sheet Events

The following transactions have taken place between 31 January 2024 and the date of this report: 1,507,233 shares bought back.

22 Related Parties

The Company retains Amati Global Investors as its Manager. Details of the agreement with the Manager are set out on page 21. The number of ordinary shares in the Company (all of which are held beneficially) by certain members of the management team are:

	31 January 2024 shares held	31 January 2024 % shares held	31 January 2023 shares held	31 January 2023 % shares held
Paul Jourdan*	**632,805**	**0.42%**	596,806	0.39%
David Stevenson	**26,753**	**0.02%**	26,753	0.03%

* includes 26,931 shares held by a Person Closely Associated to Paul Jourdan

The remuneration of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 44, and in note 4 on page 66.

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 2024 was 94.71p. 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

As disclosed in the July 2022 interim report, the Company has now moved to paying all cash dividends by bank transfer rather than by cheque.

Shareholders are encouraged to complete a bank mandate form by contacting The City Partnership on 01484 240910 or by email: registrars@city.uk.com to allow payment of future dividends and/or previous dividends outstanding.

Shareholders may also register their bank account details themselves in the Amati Investor Hub at https://amati-aim-vct.cityhub.uk.com/

Dividend Re-Investment Scheme

The Dividend Re-Investment Scheme (DRIS) 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 reliefs 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.

Shareholders who wish to have future dividends reinvested in the Company's shares should contact The City Partnership (UK) Ltd on 01484 240 910 or email amativct@city.uk.com.

Shareholders may also register for the Dividend Re-investment Scheme themselves in the Amati Investor Hub at https://amati-aim-vct.cityhub.uk.com/

Financial Calendar

September 2024	Half-yearly Report for the six months ending 31 July 2024 to be circulated to shareholders
31 January 2025	Year-end

Annual General Meeting

The Annual General Meeting of the Company will be held on 13 June 2024 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 80 to 85 of this report.

Table of Historic Returns from launch to 31 January 2024 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	Deutsche NUMIS Alternative Markets Total Return Index
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	8 December 2005	7.7%	5.0%	-3.4%
Amati VCT plc	24 March 2005	4 May 2018	72.5%	53.2%	-6.9%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	-4.7%	-17.2%	18.4%
Singer & Friedlander AIM 3 VCT*	29 January 2001	n/a	-1.8%	-4.2%	-30.6%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	-24.8%	-26.3%	-64.6%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-48.7%	-27.1%	7.8%

* 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.

In selecting these Alternative Performance Measures, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

The Company uses the following Alternative Performance Measures:

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 20). 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 2024	31 January 2023	
Closing NAV per share (p)	**94.7**	132.8	(a)
Closing share price (p)	**88.5**	123.5	(b)
Discount (c = ((a-b)/a))	**6.6%**	7.0%	(c)

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 2024	31 January 2023	
Net assets (£'000)	**143,078**	201,281	(a)
Number of Ordinary shares in issue	**151,069,824**	151,548,993	(b)
NAV (c = (a/b) *100)	**94.7p**	132.8p	(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 2024	31 January 2023	
Management fee (£'000)	**2,705**	3,718	
Other administrative expenses (£'000)*	**537**	588	
Total management fee and other administrative expenses (£'000)	**3,242**	4,306	(a)
Average net assets in the year (£)	**164,764,687**	223,528,425	(b)
Ongoing charges (c = a/b)	**2.0%**	1.9%	(c)

* Excluding transaction costs.

Total Assets

Total assets include investments, cash, current assets (including money market funds and debtors) and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce positive economic value. The total assets less all liabilities is equivalent to total shareholders' funds.

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 2024	31 January 2023	
Closing NAV per share (p)	**94.7**	132.8	
Add back final dividend for the year ended 31 January 2023 (2022) (p)	**3.5**	4.5	
Add back interim dividend for the year ended 31 January 2024 (2023) (p)	**2.5**	3.5	
Add back second interim dividend for the year ended 31 January 2024 (2023) (p)	**2.5**	–	
Compounding effect from re-investing dividends (p)	**(0.4)**	(0.2)	
Re-stated closing NAV per share assuming dividends re-invested (p)	**102.8**	140.6	(a)
Opening NAV per share (p)	**132.8**	180.7	(b)
NAV total return (c = ((a - b)/b))	**(22.6%)**	(22.2%)	(c)

Dividend Yield per share

The yield is the amount of dividends paid and declared to Shareholders in respect of the current year based on the Net Asset Value at 31 January 2024.

Dividend yield calculation	31 January 2024
Dividends paid and declared in respect of the year per share	**5.0p**
Shares in issue at 31 January 2024	**151,069,824**
Total dividends paid* and declared in respect of the year	**£7,529,000**
Net Asset Value	**£143,078,000**
Dividend yield	**5.3%**

* includes the dividend reinvestment scheme.

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 unanimously recommends that shareholders should vote in favour of all Resolutions.

Attendance at the meeting

The Company intends for the Annual General Meeting (the "Meeting" or "AGM") to be held in person. 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 that all shareholders, and particularly those who cannot attend physically, submit their votes by proxy, ahead of the deadline of 2.00 pm on Tuesday, 11 June 2024 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 83 to 85 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 7 June 2024.

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 and/or the Company's Manager (as appropriate) will reply to any individual shareholder questions submitted by the deadline of 7 June 2024, 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 13 June 2024 at 2.00pm for the transaction of the following business:

ORDINARY BUSINESS

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

Ordinary Resolutions

1. To receive and adopt the Directors' Report and audited Financial Statements of the Company for the financial year ended 31 January 2024, together with the Independent Auditor's Report thereon.
2. To approve the Directors' Remuneration Policy.
3. To receive and approve the Directors' Remuneration Report for the financial year ended 31 January 2024.
4. To approve the Company's dividend policy that "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".
5. To re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company.
6. To authorise the Directors to fix the remuneration of the auditors of the Company.
7. To re-elect Fiona Wollocombe 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 £2,244,000 (being equal to approximately 30 per cent. of the Company's issued share capital (excluding treasury shares) as at 9 April 2024, 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 2025 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 and 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) and Resolution 13 (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, and/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/or the sale of treasury shares for cash up to an aggregate nominal amount of £1,944,000 (representing approximately 26 per cent. of the issued share capital of the Company (excluding treasury shares) as at 9 April 2024) pursuant to one or more offers for subscription of the Company;
    (ii) shall be limited to the allotment of equity securities and/or the sale of treasury shares for cash up to an aggregate nominal amount of £300,000 (representing approximately 4 per cent. of the issued share capital of the Company (excluding treasury shares) as at 9 April 2024) 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 2025 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 of 5 pence each in the capital of the Company 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 ordinary shares of 5 pence each in the capital of the Company ("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 2025 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 a general meeting (other than an annual general meeting) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

By order of the Board

LDC Nominee Secretary Limited

Company Secretary

Registered office:

8th Floor, 100 Bishopsgate, London EC2N 4AG

11 April 2024

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 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 2.00 pm on 11 June 2024 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 6.00 pm on 11 June 2024 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. 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 Alternatively, shareholders may vote online by visiting https://proxy-amati.cpip.io. Shareholders will need to use their City Investor Number (CIN) and AGM Access Code, which will be provided to shareholders separately. 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 9 April 2024 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 149,562,591 ordinary shares of 5p each, carrying one vote each. The Company does not hold any ordinary shares in treasury. Therefore, the total voting rights in the Company as at 9 April 2024 are 149,562,591.

11 The 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 (the "2006 Act") 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 2 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 Amati Global Investors at 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 2006 Act is included on the Manager's website at https://www.amatiglobal.com/fund/amati-aimvct/literature.

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 2006 Act, 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 the 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 2 May 2024, 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 Personal data provided by shareholders at or in relation to the Meeting will be processed in line with the Manager's privacy policy which is available via the following link https://www.amatiglobal.com/page/privacy-policy.

20 In accordance with section 319A of the 2006 Act, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the Meeting, except in certain circumstances, including if it is undesirable, in the interests of the Company or the good order of the Meeting, that the question be answered or if to do so would involve the disclosure of confidential information.

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

Notes

Notes

Corporate Information

Directors

Fiona Wollocombe
Julia Henderson
Brian Scouler

all of:

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United Kingdom
EC2N 4AG

Secretary

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VCT Status Adviser

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Registrar

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Solicitors

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Edinburgh
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Custodian

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Amati Global Investors Limited
is authorised and regulated by
the Financial Conduct Authority