VenCap International plc

Annual Report and Financial Statements

Registered number 2177941

31 December 2021

Contents

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of VenCap International plc (the "Company") is the supply of investment advisory services to institutional and corporate clients in the field of venture capital fund investment.

Results and dividends

The results for the year are set out on page 11.

The profit on ordinary activities after taxation for the year is £734,743 *(2020: £423,442)*. No dividends were paid during the year *(2020: £nil)*.

Going concern basis

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approving these financial statements.

In making this assessment, the directors have considered the ability of the Company to grow revenues by adding new revenue streams that exceed those that come to an end; the strength of the Company's business model and its ability to adapt to the impact of global factors on the business; and the surplus reserves that are maintained in the Company's balance sheet.

The VenCap funds-of-funds have continued to experience very positive performance during 2021, as demonstrated by the growth in performance fee revenues and associated cost of sales generated by staff incentives. The positive performance of the VenCap funds-of-funds has helped the Company to add a new revenue stream in the year as a result of the successful closing of a new VenCap fund-of-funds. The directors nonetheless consider that continued uncertainty in the market environment resulting from the impact of the coronavirus pandemic means that raising investment funds during 2022 shall continue to be challenging, although a lifting of travel restrictions should assist in the practicalities of the Company meeting its objectives. The directors also plan to add additional resource to the Company's fundraising capability to raise further investment funds and grow the revenue streams.

The Company successfully implemented its business continuity plans for effective remote working from the onset of the coronavirus pandemic. These arrangements have proven robust and continue to work well. The Company has been able to reduce the risk of losing key personnel to illness by continuing with remote and hybrid working arrangements, which also helps to ensure the business continues with all aspects of its operations.

At 31 December 2021, the Company held cash at bank of £13,034,050 which is well in excess of the Company's regulatory capital requirements and short-term business needs. Based upon the Company's 2022 budget and cash flow forecast, the directors consider that the Company is able it to withstand the effects of adverse market volatility for at least twelve months from the date of approval of the financial statements. The directors have accordingly continued to adopt the going concern basis in preparing the Company's financial statements.

Directors

The directors who held office during the period were as follows:

D P Clark

T P Cruttenden

D J Gamble – retired 31 March 2021

D M Gann

S L Lasseter

M W L Richards

Ms A C Ridge – resigned 31 December 2021

Directors' Report *(continued)*

Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the board

Simon L Lasseter
Director

Seacourt Tower
West Way
Oxford

4 March 2022

Strategic Report

The purpose of this Strategic Report is to inform members of the Company and help them assess how the directors have promoted the success of the Company.

Business Review

The content of the business review is set out under the following headings:

1 Background
2 Business Model
3 Strategy
4 Risks and uncertainties
5 Measurement/Key Performance Indicators
6 Current Period Performance
7 Application of the Remuneration Code
8 Looking to the future

1 Background

VenCap International plc, incorporated in 1987, has been investment advisor to the VenCap venture capital funds-of-funds since 1993 making it one of the most experienced organisations in this niche investment area. The Company has also provided discretionary investment advice to individual institutional clients throughout its history. The Company is authorised and regulated by the Financial Conduct Authority (the "FCA").

2 Business Model

The Company aims to position itself as advising clients on global venture capital investment opportunities of the highest calibre. It is associated with raising pools of capital that it believes can be invested in such a way that investors will achieve a good rate of return compared with the public markets over the medium to long term, whilst at the same time reducing investors' exposure to risk through the fund-of-funds strategy. The majority of the Company's revenue is generally derived from investment advisory fees related to individual funds-of-funds, though in 2021 (and 2020) these have been surpassed by performance fees that the Company receives, which arise when distributions are made to investors in funds where the investment return hurdle has been achieved. All this performance-related revenue is allocated to staff and former members of staff, to be paid out to them as bonus payments. By its nature, the amount of performance fee revenue received can fluctuate widely from one year to another.

3 Strategy

The VenCap advised funds are long-term investment vehicles with a typical initial life of 10 to 12 years. The key resources deployed by the Company are its professionals who together have over 200 years of relevant experience.

During the year the Company successfully raised capital for the first closing of a new VenCap fund-of-funds with a consequent increase in advisory fee revenue in the final quarter of the year. The Company aims to raise additional capital for this fund-of-funds during 2022, and to generate further additional advisory fees as a result. An existing VenCap fund-of-funds again raised additional capital in 2021 for investment through its continuing reinvestment programme, which also generates additional investment advisory fees for the Company. The Company has, in recent years, successfully raised capital for tailored funds-of-funds vehicles for individual institutional clients or family offices that have an appetite for venture capital fund investment. These tailored funds-of-funds programmes have continued to contribute advisory fee revenue through 2021. The Company does have some advisory fee revenue streams that are declining or coming to an end as the respective funds-of-funds near termination. However, the Company remains encouraged that it can replace these revenue streams because of the positive performance of the VenCap funds-of-funds and the resulting investor interest in the asset class that such performance creates.

Due to the Company's business model and activity as an investment advisor, primarily to venture capital funds-of-funds, the impact of climate change on the business is not easily quantifiable, however the Company is nevertheless developing climate change considerations to incorporate into its business strategy. For example, during the year, the Company introduced and implemented a new electric vehicle purchase scheme that has resulted in eight employees acquiring purely electric-powered motor vehicles.

4 Risks and uncertainties

As noted above, the Company is regulated by the FCA and accordingly has documented a detailed Internal Capital Adequacy Assessment Process ("ICAAP"), which has been subject to monitoring and regular review. The ICAAP is being superseded, under the Investment Firms Prudential Regime, by the Internal Capital and Risk Assessment ("ICARA"), which shall increase focus on the Company's individual business model and activities.

Strategic Report *(continued)*

4 Risk and uncertainties (continued)

As part of the ICAAP process, the various risks faced by the Company are regularly assessed by the senior management team. The directors have concluded that the main risks faced by the Company are:

- the failure to raise additional capital for investment, such that the existing investment advisory contracts fail to generate sufficient revenue to cover the Company's ongoing costs;
- an increased dependence on US Dollar denominated advisory fees as a proportion of total revenues, that may be adversely affected by exchange rate fluctuations; and
- the failure of one or more investors to meet capital calls, due to liquidity problems, that might cause the termination of a fund-of-funds. This latter risk would be particularly significant for a tailored fund-of-funds if the main investor defaulted.

The Company would be adversely affected if restrictions on liquidity were to drive down returns to investors for a significant period. Appetite for the venture capital and growth fund asset class is by nature cyclical but was particularly low in the years following the 2008 global economic crisis, when investors de-risked their investment portfolios and reduced commitments to alternative investments. However, the performance of venture-backed technology companies during 2020 and 2021, in part due to the impact of the coronavirus pandemic upon the demand for technology, and the resultant performance generated for the VenCap funds-of-funds should highlight the attractive returns that can be generated by the venture capital asset class and prove attractive to prospective investors. The longer-term impact of the coronavirus pandemic upon economies is beginning to emerge in the form of rising inflation and this will present an additional challenge to the Company to remain profitable.

The United Kingdom's departure from the European Union, on 31 January 2020, has impacted the ability to offer cross-border financial services and there are limitations upon offering the firm's advised fund-of-funds products in some countries, though the directors remain confident that investors in the European Union continue to be interested in investing in the asset class.

The Company successfully implemented its business continuity plans for effective remote working in 2020 from the onset of restrictions due to the coronavirus pandemic and those business continuity arrangements continue to work well. Whilst recognising that the coronavirus pandemic makes fundraising more challenging, primarily due to the inability to physically meet with prospective investors, the use of technology to hold virtual face-to-face meetings is something that everyone has become accustomed to. Furthermore, the prevalence of such technological solutions in everyday life, often originating from venture-backed companies that have been in the VenCap funds-of-funds' underlying portfolios, may have strengthened investor interest in the venture capital asset class, particularly as several such companies have generated significant returns for the VenCap funds-of-funds.

The Company faces the uncertainties that are common to all enterprises such as possible loss of key personnel, damage caused by loss of reputation or adverse market conditions. The precautions taken to mitigate such risks include appropriate incentives for key personnel, which in 2021 has included offering all personnel an incentive to acquire electric vehicles; maintaining adequate liquid reserves; and making business continuity arrangements to compensate where possible for local or national disruption to the Company's operations. The Company has particularly demonstrated that its business continuity arrangements have enabled business to continue with minimal inconvenience throughout the coronavirus pandemic and with a flexible approach to remote and hybrid working that has been embraced by the Company's personnel.

The Company's business model is risk averse, with low credit and market risk, and known, medium to long-term fee cash flows, the majority of which are index linked, which shall help the Company deal with inflation in its operating costs. The main financial risks that the Company is exposed to, and that arise in the normal course of business, are described below.

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company has limited credit risk from the non-payment of fees because most of its fees are derived from the investment funds it advises and the advisory fees are typically paid quarterly in advance. Whilst the Company has an amount of performance fees that may be received in more than one year, these are matched by the associated liability to pay staff and former staff that shall only be paid if and when the fees are ultimately received. The Company also has a credit exposure to its banks, but this is managed through diversification and considered a relatively low risk.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. The Company mitigates this risk by having established asset monitoring procedures, which are subject to review by the directors. The Company is exposed to currency exchange rate risk because a significant proportion of its fees are US Dollar denominated, whilst only some operating expenses are denominated in non-sterling currencies. The Company mitigates this risk by monitoring exchange rates and may use short term forward contracts when judged appropriate.

Liquidity risk is the risk that the Company may be unable to meet its payment obligations as they fall due. The Company's liquidity policy is to maintain more than sufficient liquid resources to cover any cash flow requirements and the directors continually monitor income, expenditure and related cash flows to ensure that the Company has surplus liquid capital to meet its ongoing and future requirements.

Strategic Report *(continued)*

5 *Measurement/Key Performance Indicators*

Given the nature of the business, the directors do not consider that return on capital employed is a key performance indicator for the Company.

Key Performance Indicator	**2021**	**2020**
Advisory fees per employee - £'000	148	149
Liquidity	102%	101%
Gearing	0%	0%
Average length of service – in years	8.4	9.0

Advisory fees per employee means total annual fees from investment advisory contracts divided by the average number of employees during the period and is a measure of the efficiency of the fees earned by the firm: larger, higher fee generating funds-of-funds can generally be advised by the same number of personnel as would be required to advise smaller funds-of-funds.

Liquidity means total cash at bank and in hand and financial assets as at the balance sheet date divided by net assets at the same date.

Gearing means total loans and borrowings as at the balance sheet date divided by net assets at the same date.

Average length of service means the total number of years' service as at the balance sheet date divided by the number of employees in post at the same date.

6 *Current Period Performance*

The turnover for the year was £8,388,892 *(2020: £7,753,245)* generating profit on ordinary activities before taxation for the year of £794,110 *(2020: £523,926)*. Net assets as at 31 December 2021 were £12,744,184 *(2020: £12,009,441)*.

The continued growth of one VenCap fund and the first closing of a new fund-of-funds during the year have contributed to the advisory fees in the year, although advisory fees in respect of older funds have reduced, such that the advisory fees per employee have consequently decreased slightly from 2020.

The Company's total turnover for the year has increased because of a higher level of performance fees in 2021. The total turnover included performance fees of £4,840,811 *(2020: £4,183,278),* which is offset by the associated resultant incentives due to staff and former staff.

The Company has remained profitable in 2021 and the Company has not paid an interim dividend during the year. The Company consequently has further improved its liquidity and has retained more than sufficient liquid resources without the requirement for any gearing.

7 *Application of the Remuneration Code*

The Board has approved a remuneration policy for the Company in line with the requirements of the FCA's Remuneration Code (the "Code"). The Company is a "Proportionality Level Three firm" and, as such, complies with the Code in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

All remuneration policies are reviewed by the Company's Remuneration Committee, which is comprised of directors and is accountable to the Board. The Remuneration Committee, under its terms of reference, is required to establish, implement and maintain remuneration policies, practices and procedures that are consistent with and promote effective risk management and comply with the Code.

Individual performance is formally monitored annually through a performance review. Performance is measured against financial and non-financial targets and can influence both fixed and variable remuneration, though both elements of remuneration remain subject to the overall performance of the business.

Financial performance measures are set and reviewed annually, if appropriate, by the Board and the Remuneration Committee, as part of the annual budget process to ensure they are in line with forecast levels of revenue and profitability.

Carried interest schemes are aligned with the interests of investors in the VenCap funds-of-funds and only vest upon the achievement of a performance hurdle to investors. The schemes are therefore long-term, and conflicts of interest are avoided. Variable remuneration under a carried interest scheme becomes payable to Code Staff and/or other staff members upon the Company itself being due to receive the corresponding incentive fee.

Strategic Report *(continued)*

7 Application of the Remuneration Code (continued)

In 2021, the aggregate remuneration of the Company's Remuneration Code Staff was £1,049,057 *(2020: £1,047,341)* in Fund Investment (comprising £446,295 fixed and £602,762 variable remuneration between 6 Code Staff) *(2020: £478,999 fixed and £568,342 variable between 6 Code Staff)*, £1,656,671 *(2020: £1,532,329)* in Business Development (comprising £456,630 fixed and £1,200,041 variable between 2 Code Staff) *(2020: £352,361 fixed and £1,179,968 variable between 2 Code Staff)*, and £981,381 *(2020: £1,006,571)* in Finance and Compliance (comprising £386,064 fixed and £595,317 variable remuneration between 3 Code Staff) *(2020: £404,641 fixed and £601,930 variable between 4 Code Staff)*.

8 Looking to the future

The Company has contracts to provide investment advice to approximately US$1.8 billion *(2020: US$1.7 billion)* of assets under management. Fundraising conditions remained challenging during 2021, but the directors remain optimistic about the Company's prospects for growing assets under management and advisory fee revenues derived therefrom.

By order of the board

Simon L Lasseter
Director

Seacourt Tower
West Way
Oxford

4 March 2022

Statement of Directors' Responsibilities in Respect of the Directors' Report, the Strategic Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of VenCap International plc

Opinion

We have audited the financial statements of VenCap International plc (the 'Company') for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to 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.

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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of VenCap International plc *(continued)*

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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 directors' responsibilities statement set out on page 6, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: FCA regulations, anti-money laundering regulations, the Bribery Act, the Data Protection Act and employment regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as FRS 102, the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the recognition of the bonus accrual based on the incentive fees, significant one-off or unusual transactions, and revenue recognition in relation to cut-off of fee income across all revenue streams and accuracy and completeness of performance fees.

Independent Auditor's Report to the Members of VenCap International plc *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Sarah Cooke (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

9 March 2022

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2021

	Note	**2021** **£**	2020 £
Turnover	*2*	**8,388,892**	7,753,245
Cost of sales	*3*	**(7,264,788)**	(6,597,643)
Gross profit		**1,124,104**	1,155,602
Administrative expenses	*5*	**(672,764)**	(737,696)
Other operating income	*6*	**334,875**	63,684
Operating profit		**786,215**	481,590
Interest receivable and similar income	*7*	**7,935**	42,445
Interest payable and similar charges	*8*	**(40)**	(109)
Profit on ordinary activities before taxation		**794,110**	523,926
Tax on profit on ordinary activities	*9*	**(59,367)**	(100,484)
Profit for the financial year		**734,743**	423,442
Other comprehensive income		**-**	-
Total profit and other comprehensive income		**734,743**	423,442

The notes on pages 15 to 22 form part of these financial statements.

Balance Sheet
at 31 December 2021

	Note	2021	2021	2020	2020
		£	**£**	£	£
Fixed assets					
Tangible assets	*10*		**238,492**		310,880
Current assets					
Debtors (including £1,558,864 (*2020: £1,212,527*) due after more than one year)	*11*	**2,322,431**		1,737,183	
Cash at bank and in hand	*12*	**13,034,050**		12,140,200	
		15,356,481		13,877,383	
Creditors: amounts falling due within one year	*13*	**(1,135,522)**		(804,020)	
Net current assets			**14,220,959**		13,073,363
Total assets less current liabilities			**14,459,451**		13,384,243
Creditors: amounts falling due in more than one year	*14*		**(1,683,312)**		(1,345,922)
Provisions for liabilities	*16*		**(31,955)**		(28,880)
Net assets			**12,744,184**		12,009,441
Capital and reserves					
Called up share capital	*17*		**50,050**		50,050
Share premium account			**13,242**		13,242
Retained profit			**12,680,892**		11,946,149
Shareholders' funds			**12,744,184**		12,009,441

These financial statements were approved by the board of directors on 4 March 2022 and were signed on its behalf by:

Simon L Lasseter
Director

4 March 2022

The notes on pages 15 to 22 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital	Share premium account	Retained profit	Total equity
	£	£	£	£
Balance at 1 January 2020	50,050	13,242	11,527,712	11,591,004
Total comprehensive income				
Profit for the year	-	-	423,442	423,442
Total comprehensive income for the year	-	-	423,442	423,442
Redemption of Redeemable shares	(5,005)	-	-	(5,005)
Bonus issue of "A" Ordinary shares	5,005	-	(5,005)	-
Balance at 31 December 2020	50,050	13,242	11,946,149	12,009,441
Balance at 1 January 2021	50,050	13,242	11,946,149	12,009,441
Total comprehensive income				
Profit for the year	-	-	734,743	734,743
Total comprehensive income for the year	-	-	734,743	734,743
Balance at 31 December 2021	**50,050**	**13,242**	**12,680,892**	**12,744,184**

The notes on pages 15 to 22 form part of these financial statements.

Cash Flow Statement
for the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from/(used in) operating activities			
Profit for the year		**734,743**	423,442
Adjustments to reconcile profit for the year to net cash flow from/(used in) operating activities:			
Depreciation		**81,060**	77,382
Interest receivable and similar income		**(3,802)**	(22,869)
Interest payable and similar charges		**40**	109
Foreign exchange losses/(gains)		**5,793**	(9,880)
Loss/(profit) on sale of tangible fixed assets		**48**	(43)
Taxation		**59,367**	100,484
Increase in trade and other debtors		**(418,226)**	(623,901)
Increase in trade and other creditors		**567,215**	1,026,259
Tax paid		**(121,504)**	(227,029)
Net cash inflow from operating activities		**904,734**	743,954
Cash flows from/(used in) investing activities			
Acquisition of tangible fixed assets	*10*	**(8,720)**	(27,396)
Proceeds from sale of tangible fixed assets		**-**	43
Interest received		**3,669**	21,802
Acquisition of financial assets		**-**	(3,579,113)
Proceeds from redemption of financial assets		**-**	5,142,339
Return on financial assets		**-**	6,161
Net cash (used in)/from investing activities		**(5,051)**	1,563,836
Cash flows from/(used in) financing activities			
Interest paid		**(40)**	(109)
Call on Redeemable shares		**-**	1,001
Redemption of Redeemable shares		**-**	(5,005)
Net cash used in financing activities		**(40)**	(4,113)
Net increase in cash		**899,643**	2,303,677
Cash at bank and in hand at 1 January		**12,140,200**	9,826,643
Effect of exchange rate fluctuations on cash held		**(5,793)**	9,880
Cash at bank and in hand at 31 December	*12*	**13,034,050**	12,140,200

The notes on pages 15 to 22 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

VenCap International plc (the "Company") is a private company limited by shares and incorporated and domiciled in the UK with its registered office at Seacourt Tower, West Way, Oxford OX2 0JJ.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The functional and presentation currency of these financial statements is sterling, rounded to the nearest pound sterling.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for Treasury bills which are measured at transaction price (including transaction costs) and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

1.2 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approving these financial statements.

In making this assessment, the directors have considered the ability of the Company to grow revenues by adding new revenue streams that exceed those that come to an end; the strength of the Company's business model and its ability to adapt to the impact of global factors on the business; and the surplus reserves that are maintained in the Company's balance sheet.

The VenCap funds-of-funds have continued to experience very positive performance during 2021, as demonstrated by the growth in performance fee revenues and associated cost of sales generated by staff incentives. The positive performance of the VenCap funds-of-funds has helped the Company to add a new revenue stream in the year as a result of the successful closing of a new VenCap fund-of-funds. The directors nonetheless consider that continued uncertainty in the market environment resulting from the impact of the coronavirus pandemic means that raising investment funds during 2022 shall continue to be challenging, although a lifting of travel restrictions should assist in the practicalities of the Company meeting its objectives. The directors also plan to add additional resource to the Company's fundraising capability to raise further investment funds and grow the revenue streams.

The Company successfully implemented its business continuity plans for effective remote working from the onset of the coronavirus pandemic. These arrangements have proven robust and continue to work well. The Company has been able to reduce the risk of losing key personnel to illness by continuing with remote and hybrid working arrangements, which also helps to ensure the business continues with all aspects of its operations.

At 31 December 2021, the Company held cash at bank of £13,034,050 which is well in excess of the Company's regulatory capital requirements and short-term business needs. Based upon the Company's 2022 budget and cash flow forecast, the directors consider that the Company is able it to withstand the effects of adverse market volatility for at least twelve months from the date of approval of the financial statements. The directors have accordingly continued to adopt the going concern basis in preparing the Company's financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Cash at bank and in hand

Cash and cash equivalents comprise cash balances and short-term deposits.

Treasury bills

The Company classifies its Treasury bills as basic financial instruments. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which will be classified as non-current assets. When recognised, the assets are measured at transaction price (including transaction costs) and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses, with any return or loss being recognised in the Profit and Loss Account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets using the following rates:

Furniture and equipment	25-50% per annum
Fixtures and fittings	10-25% per annum
Leasehold improvements	Shorter of the lease term and 10% per annum

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.6 Impairment

Financial assets (including other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Profit and Loss Account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.9 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of investment advisory services to clients and are recognised during the year in which the services are provided on the accruals basis. Performance fees are recognised during the year in which the fees become due to the Company, usually being crystallised by payment of a distribution to investors in funds where the investment return hurdle has been achieved and a performance fee has been paid to the manager of the fund, VenCap (Channel Islands) Limited.

1.10 Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Lease incentives received are recognised in the Profit and Loss Account over the term of the lease as an integral part of the total lease expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Interest receivable and interest payable

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains. Interest payable and similar charges include interest payable and net foreign exchange losses.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences between accumulated depreciation and tax allowances for the cost of a fixed asset are only provided for, if and when all conditions for retaining the tax allowances have been met, to the extent that it is probable that they will reverse in the foreseeable future and the Company is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2021	2020
	£	£
Activity		
Investment advisory fees (all Jersey)	**3,453,213**	3,475,907
Management fees (all UK)	**94,868**	94,060
Performance fees (all Jersey)	**4,840,811**	4,183,278
	8,388,892	7,753,245

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was 24 (*2020: 24*). The aggregate payroll costs of these persons, which are included in cost of sales, were as follows:

	2021	2020
	£	£
Wages and salaries	**6,308,637**	5,739,049
Social security costs	**877,050**	772,488
Contributions to defined contribution plans	**75,119**	66,922
	7,260,806	6,578,459

Notes *(continued)*

4 Directors' remuneration

	2021	2020
	£	£
Directors' remuneration	**3,025,175**	3,070,828
Company contributions to money purchase pension plans	**30,703**	30,633

The aggregate remuneration of the highest paid director was £1,414,927 *(2020: £1,414,854)* and, in addition, company pension contributions of £11,744 *(2020: £11,744)* were made to a money purchase scheme on his behalf. Included in his remuneration for the year is £125,198 (*2020: £176,486*) relating to incentive schemes that is only payable when the Company has received the related performance fee (see also Notes 11 and 14). During the year the Company received a portion of the performance fees due as at the end of 2020 and accordingly paid the respective amount to the director.

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Company personal pension scheme	**3**	3

5 Expenses and auditor's remuneration

Included in administrative expenses are the following:

	2021	2020
	£	£
Operating lease rentals	**112,840**	112,840
Depreciation	**81,060**	77,382
Insurances	**74,608**	78,030

Auditor's remuneration:

	2021	2020
	£	£
Amounts receivable by the Company's Auditor and tax advisor in respect of:		
Audit of these financial statements	**30,450**	38,000
Audit-related assurance services	**3,950**	12,000
Taxation compliance services	**8,775**	10,150

6 Other operating income

	2021	2020
	£	£
Other income	**334,875**	63,684

7 Interest receivable and similar income

	2021	2020
	£	£
Bank interest receivable	**3,192**	17,274
Other interest receivable	**610**	-
Net foreign exchange gain	**4,133**	19,576
Return on Treasury bills	**-**	5,595
	7,935	42,445

Notes *(continued)*

8 Interest payable and similar charges

	2021	2020
	£	£
Other interest payable	**40**	-
Bank interest payable	**-**	109
	40	109

9 Taxation

Total tax expense recognised in the Profit and Loss Account:

	2021	**2021**	2020	2020
	£	**£**	£	£
Current tax				
Current tax on income for the period at 19% *(2019: 19 %)*	**250,796**		231,935	
Adjustments in respect of prior periods	**(27,615)**		-	
Total current tax		**223,181**		231,935
Deferred tax (see Note 15)				
Origination and reversal of timing differences	**(129,227)**		(120,437)	
Adjustments in respect of prior periods	**27,728**		-	
Change in tax rate	**(62,315)**		(11,014)	
Total deferred tax		**(163,814)**		(131,451)
Total tax		**59,367**		100,484

Reconciliation of effective tax rate:

	2021	2020
	£	£
Profit for the year	**734,743**	423,442
Total tax expense	**59,367**	100,484
Profit excluding taxation	**794,110**	523,926
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**150,881**	99,546
Change in tax rate on deferred tax balances to 25% *(2020: 19%)*	**(62,315)**	(11,014)
Non-deductible expenses	**16,913**	6,871
Unrecognised deferred tax asset on timing difference	**(46,225)**	5,081
Over provided in prior years	**113**	-
Total tax expense included in Profit and Loss Account	**59,367**	100,484

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the UK will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

Notes *(continued)*

10 Tangible fixed assets

	Furniture and equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
Cost				
Balance at 1 January 2021	167,488	130,124	366,064	663,676
Additions	2,760	-	5,960	8,720
Disposals	(388)	-	-	(388)
Balance at 31 December 2021	169,860	130,124	372,024	672,008
Depreciation				
Balance at 1 January 2021	149,935	92,125	110,736	352,796
Depreciation charge for the year	12,853	29,996	38,211	81,060
Disposals	(340)	-	-	(340)
Balance at 31 December 2021	162,448	122,121	148,947	433,516
Net book value				
At 1 January 2021	17,553	37,999	255,328	310,880
At 31 December 2021	**7,412**	**8,003**	**223,077**	**238,492**

11 Debtors

	2021 £	2020 £
Trade debtors	**1,751,718**	1,282,445
Other debtors	**20,660**	26,833
Deferred tax asset (see Note 15)	**420,828**	253,939
Prepayments and accrued income	**129,225**	173,966
	2,322,431	1,737,183

Included within trade debtors is £1,558,864 (*2020: £1,212,527*) related to performance fees expected to be received in more than one year. The precise timing of receipt is not within the Company's control and is dependent upon the amount of potential clawback liabilities that may arise in underlying investments of the fund to which the performance fee relates. Accordingly, a proportion of these performance fees may be received in less than one year.

12 Cash at bank and in hand

	2021 £	2020 £
Cash at bank and in hand	**9,034,050**	10,140,200
Short term deposits	**4,000,000**	2,000,000
Cash at bank and in hand	**13,034,050**	12,140,200

Notes *(continued)*

13 Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	**11,713**	100,498
Corporation tax	**222,612**	120,935
Taxation and social security	**727,149**	371,927
Accruals and deferred income	**174,048**	210,660
	1,135,522	804,020

14 Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Accruals and deferred income	**1,683,312**	1,345,922

Included within accruals and deferred income is an amount of £1,683,312 *(2020: £1,336,519)* of carried interest incentive, and related National Insurance Contributions thereon, payable to staff and former staff that shall be paid following receipt of the related performance fee income (see Note 11).

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £	2020 £	**2021 £**	2020 £	**2021 £**	2020 £
Accelerated capital allowances	**-**	-	**31,955**	28,880	**31,955**	28,880
Other	**(420,828)**	(253,939)	**-**	-	**(420,828)**	(253,939)
Net deferred tax (assets)/liabilities	**(420,828)**	(253,939)	**31,955**	28,880	**(388,873)**	(225,059)

16 Provisions for liabilities

	Deferred tax £
Balance at 1 January 2021	28,880
Provisions made during the year	9,120
Provisions reversed during the year	(6,045)
Balance at 31 December 2021	**31,955**

Notes *(continued)*

17 Capital and reserves

Share capital	"A" Ordinary shares of 10p each Number
In issue at 1 January 2021 and 31 December 2021	**500,500**

	2021 £	2020 £
Allotted, called up and fully paid		
500,500 *(2020: 500,500)* "A" Ordinary shares of 10p each	**50,050**	50,050
Shares classified in shareholders' funds	**50,050**	50,050

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	**125,378**	125,378
Between one and five years	**501,512**	501,512
More than five years	**94,034**	219,412
	720,924	846,302

During the year £112,840 *(2020: £112,840)* was recognised as an expense in the Profit and Loss Account in respect of operating leases.

The Company has a ten-year lease for office space at Seacourt Tower until 1 October 2027, with a statutory right to renew under the Landlord and Tenant Act 1954.

19 Related party transactions

The Company provides advisory services to VenCap (Channel Islands) Limited, a company in which M L Ashall, who was the Company's majority shareholder until 20 January 2021, had a controlling interest until 18 June 2021. From that date, Legacy Limited, a company incorporated in Guernsey, Channel Islands and wholly owned by Olmeda Trustees Limited in its capacity as trustee of The Eclipse Trust, has a controlling interest in VenCap (Channel Islands) Limited.

The value of services rendered to VenCap (Channel Islands) Limited during the year including performance fees was £8,628,899 *(2020: £7,671,845)*. As at 31 December 2021, a total of £1,756,372 *(2020: £1,243,599)* is outstanding of which £1,078,896 *(2020: £630,576)* is in respect of performance fees for prior reporting periods (see Note 11). The fees charged during the year have been based upon existing commercial agreements between the two companies.

In addition, expenses totalling £34,528 *(2020: £27,968)* have been recharged to VenCap (Channel Islands) Limited, none of which are outstanding as at 31 December 2021 *(2020: £15,331)*.

20 Controlling party

The directors consider that M L Ashall had, until 20 January 2021, a controlling interest in the Company as holder of all the issued share capital. From that date the directors consider that VenCap Holdings Limited, a company incorporated in Jersey, Channel Islands has a controlling interest in the Company as holder of all the issued share capital. VenCap Holdings Limited is wholly owned by Olmeda Trustees Limited in its capacity as trustee of The Eclipse Trust.

21 Subsequent events

The Directors have evaluated events and transactions that occurred through to 4 March 2022, the date the financial statements were signed. No items were noted that would require adjustments to the financial statements or additional disclosures.

Appendix 1 – Unaudited Pillar 3 Disclosures

European Capital Requirements Directive: Pillar 3 disclosures

VenCap International plc ("VenCap" or the "Company") is authorised and regulated by the UK Financial Conduct Authority. The Financial Conduct Authority ("FCA") has designed prudential rules for banks, building societies and investment firms to increase investor protection. These rules require VenCap to assess the adequacy of its capital resources given the risks the Company faces.

Important Notice:

*The information included in this Appendix relates to **VenCap International plc only**, is unaudited and has been produced solely to meet the Pillar 3 disclosure requirements.*

Introduction

These disclosures are made in accordance with the European Capital Requirements Directive ("CRD"). The FCA is responsible in the United Kingdom for the implementation of the CRD. The prudential framework for investment management firms consists of three 'pillars':

- **Pillar 1** sets out the minimum capital requirements for the investment firm to cover credit, market and operational risk.
- **Pillar 2** requires firms to undertake an overall assessment of their capital adequacy, taking into account the risks to which they are exposed and whether additional capital should be held to cover risks not adequately covered by Pillar 1 requirements.
- **Pillar 3** complements Pillars 1 and 2 by requiring firms to disclose information on their capital resources and requirements, governance and risk management framework. It also requires disclosure of a firm's remuneration policy for certain categories of staff.

This Appendix is designed to meet VenCap's **Pillar 3** obligations. Firms are permitted to omit disclosures if they believe the information is either immaterial or if the information could be regarded as proprietary or confidential.

Basis of disclosures

VenCap International plc is, at 31 December 2021, a BIPRU Limited Licence firm with a requirement to hold capital of at least €50,000. It is not authorised to hold customer assets, including client monies, and does not trade on its own account.

The Pillar 3 disclosures are required to be made at least annually and the disclosures made herein are based on the Company's financial position as at 31 December 2021.

Regulatory capital

As a BIPRU Limited Licence firm, VenCap's **Pillar 1** regulatory capital requirement is the greater of:

- its base capital requirement of €50,000; or
- the sum of its market and credit risk requirements; or
- its Fixed Overhead Requirement ("FOR").

VenCap has a relatively simple operational and regulatory framework. Consequently, VenCap's FOR exceeds the base capital requirement and the aggregate of its market and credit risk requirements. VenCap's capital requirement has, therefore, been determined by reference to its FOR, which has been calculated as £688k to 31 December 2021 *(2020: £669k)*. This constitutes **Pillar 1**.

The Board undertakes an overall assessment of the Company's capital adequacy, taking into account all risks to which the Company is exposed, including stress testing, to determine whether additional capital should be held to cover risks not adequately covered by the Pillar 1 requirement. This is the **Pillar 2** requirement and the Company documents an Internal Capital Adequacy Assessment Process ("ICAAP") accordingly.

The ICAAP is reviewed at least annually by the Board and may be requested for review by the FCA. The Company's risk appetite is low and accordingly it holds Core Tier 1 Capital comfortably in excess of the regulatory requirements under Pillar 1 and Pillar 2.

Appendix 1 – Unaudited Pillar 3 Disclosures *(continued)*

VenCap International plc's capital resources at 31 December 2021 are summarised as follows:

	£'000
Core Tier 1 Capital	**12,744**
Comprising	
Permanent share capital	50
Profit and loss account and other reserves	12,681
Share premium	13
Tier 2 Capital	-
Tier 3 Capital	-
Deduction for illiquid assets	(2,413)
Total capital after deductions	**10,331**
Fixed Overhead Requirement	**688**

Pillar 3 complements Pillars 1 and 2 by requiring firms to disclose information on their capital resources and requirements, governance and risk management framework. It also requires disclosure of a firm's remuneration policy for certain categories of staff, as follows:

Risk management framework

VenCap's directors determine the business strategy and risk appetite of the firm and have established a risk management framework appropriate for the size and nature of the Company's business.

The Company is engaged in the supply of investment advisory services to institutional and corporate clients in the field of venture capital fund investment, predominantly the family of VenCap venture capital funds-of-funds. The Company does not advise retail clients, does not hold customer assets nor hold client monies, and all assets managed or advised by VenCap are administered by independent third-party administrators and custodians.

The process of identifying, managing and monitoring risks, and assessing their impact upon the business is conducted at various levels within the Company. The risk management framework includes an Audit Committee, Remuneration Committee, Investment Committee and Treasury Committee reporting to the Board. Risk is considered by the Board as a whole. The Company also determines and documents its ICAAP as part of this risk management framework.

The Company's business model is risk averse, with low credit and market risk, and known, medium to long-term fee cash flows. The main risks to which VenCap is exposed are set out below.

Operational risk

Operational risk is the risk of loss arising from failed or inadequate internal processes or systems, human error or other factors. The risk is managed by the directors and senior management, who have responsibility for implementing appropriate controls for the business. The compliance function reviews the operation of these controls and reports to the Board.

The Company also has appropriate levels of professional indemnity, commercial legal protection, and key personnel insurances to mitigate against the impact of operational risks.

The Company is exposed to business continuity risk, however, the Company's robust business continuity plans have enabled operations to continue without disruption and minimal inconvenience throughout the coronavirus pandemic, since the United Kingdom's first lockdown in March 2020. The Company also remains vigilant to the increased global threat of cyber attacks since the start of the pandemic.

Market risk

Market risk includes the risks that arise from fluctuations in values of, or income from, assets or in interest rates or exchange rates. VenCap has low exposure to market risk because the Company's revenue is not exposed to market movements in the value of assets under management. VenCap has, over the years, mitigated against market risk by broadening its client base and the geographical market segments in which the VenCap funds-of-funds and clients invest. The Company nonetheless has exposure to exchange rate fluctuations as a significant proportion of its fees are now US Dollar denominated and has at times used forward contracts to mitigate against this risk.

Appendix 1 – Unaudited Pillar 3 Disclosures *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations as they fall due. VenCap has limited credit risk from the non-payment of fees because most of its fees are derived from the investment funds it advises and the advisory fees are typically paid quarterly in advance. VenCap also has a credit exposure to its banks but this is managed through diversification and considered a low risk.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its payment obligations as they fall due. VenCap's liquidity policy is to maintain more than sufficient liquid resources to cover any cash flow requirements.

VenCap continually monitors income, expenditure and related cash flows to ensure that the Company has surplus liquid capital to meet its ongoing and future requirements, and continues to maintain cash resources well in excess of its regulatory requirements.

Regulatory risk

Regulatory risk is the risk that a change in the regulatory environment in which the Company conducts its business may affect VenCap's business significantly. The Company monitors regulatory developments as they affect the Company such that any changes in statutes, rules or guidance may be considered and incorporated into the Company's operating procedures, compliance monitoring and risk management framework, appropriately. The United Kingdom's departure from the European Union, on 31 January 2020, has impacted the ability to offer cross-border financial services and there are limitations upon offering the firm's advised fund-of-funds products in some countries, though the directors remain confident that investors in the European Union continue to be interested in investing in the asset class.

Remuneration Code

The Board has approved a remuneration policy for the Company in line with the requirements of the FCA's Remuneration Code (the "Code"). The Company is a "Proportionality Level Three firm" and, as such, complies with the Code in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

Further details of VenCap's remuneration process and policies are provided in section *7 **Application of the Remuneration Code*** of the directors' Strategic Report included within the Annual Report and Financial Statements.

In 2021, the aggregate remuneration of the Company's Remuneration Code Staff was £1,049,057 *(2020: £1,047,341)* in Fund Investment (comprising £446,295 fixed and £602,762 variable remuneration between 6 Code Staff) *(2020: £478,999 fixed and £568,342 variable between 6 Code Staff)*, £1,656,671 *(2020: £1,532,329)* in Business Development (comprising £456,630 fixed and £1,200,041 variable between 2 Code Staff) *(2020: £352,361 fixed and £1,179,968 variable between 2 Code Staff)*, and £981,381 *(2020: £1,006,571)* in Finance and Compliance (comprising £386,064 fixed and £595,317 variable remuneration between 3 Code Staff) *(2020: £404,641 fixed and £601,930 variable between 4 Code Staff)*.