Amati AIM VCT plc

Annual Report & Financial Statements
For the year ended 31 January 2020

Company Registration No. 04138683

Highlights

Table of investor returns

to 31 January 2020

From	Date	NAV Total Return with dividends re-invested	Numis Alternative Markets Total Return Index
NAV following re-launch of the VCT under management of Amati Global Investors ("Amati")	9 November 2011*	139.7%	42.2%
NAV following appointment of Amati as Manager of the VCT, which was known as ViCTory VCT at the time	25 March 2010	151.5%	46.1%

* 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 65.

Dividends paid and declared

2020 total dividends per share

7.75p

5.0% of NAV

2020 cumulative dividends per share

66.24p

↑ 13.3%

Dividend history

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

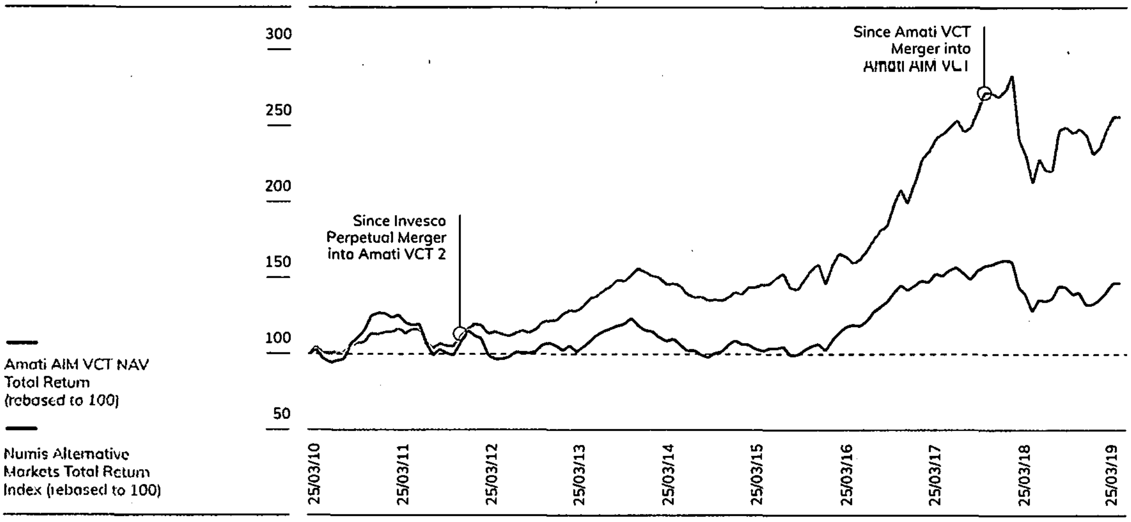
Year ended 31 January	Total dividends per share** p	Cumulative dividends per share p
2011	4.74	4.74
2012	5.50	10.24
2013	6.00	16.24
2014	6.75	22.99
2015	6.25	29.24
2016	6.25	35.49
2017	7.00	42.49
2018	8.50	50.99
2019	7.50	58.49
2020	**7.75**	**66.24**

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

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

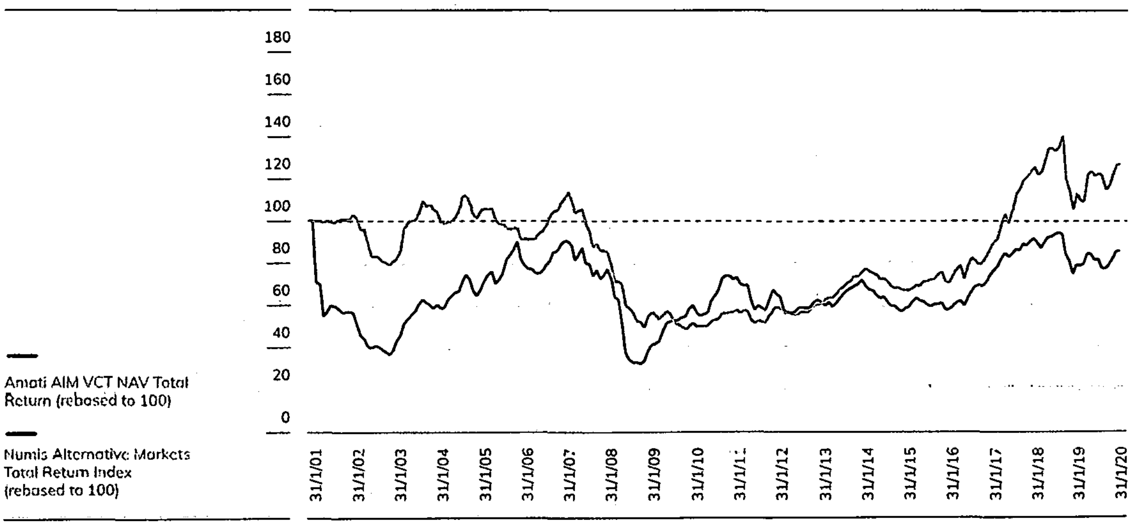
Fund performance

Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from change of Manager on 25 March 2010 to 31 January 2020



Historic performance

Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from inception of fund to 31 January 2020



Strategic Report
Chairman's Statement

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

Peter A. Lawrence
Chairman

Outlook and comments on the current market distress

Normally remarks on the outlook would come at the end of this statement, but the preparation of this report has been overshadowed by the rapid spread of the COVID-19 virus and the rapid falls in global stock markets, including AIM over the past few weeks. Large parts of the economy are shut down to help slow the spread. As this must be uppermost in most investors' minds, I thought it best to start by discussing it, before moving on to my conventional review of the financial year. Paul Jourdan, CEO of Amati, has written the following commentary to investors in all of the Amati's funds which I wholeheartedly endorse and best explains our situation.

"This is a situation without precedent in our lived experience. There are a great number of unknowns about how long this situation will persist and the market reaction has been extreme. We fully appreciate the anxiety and difficulties that this presents for our investors, as the fall in fund values has been large. We, like many others, from politicians, to company management teams, to market participants, have gone through the phase of underestimating the level of the disruption, through the realisation that we would have to make major adjustments to each of our lives, to understanding that the social, economic and financial challenges of the disruption are huge and difficult to predict.

"The market is going through a phase of shock similar to that of 2008. In this phase it is very easy to make huge miscalculations because not enough information is available to understand where things are heading. If 2008 is anything to go by, in this phase the market goes from being too relaxed about the major problems arising to significantly over-estimating their long-term impacts. While standing in the very midst of the crisis it is very difficult to keep perspective. What in February we may have rationalised as a deep but short term problem, in March, now the shutdown has started, appears to present systemic threats and an unending series of upsets as we feel our way down the painful path of minimising the number of tragedies caused by the virus.

"Over the next few weeks we would expect the market to begin to adapt to the new normal, as panic selling eases and more information becomes available about how long the economic shutdown is going to persist, how likely it is to recur, and when some medical breakthroughs will be made to deal with the underlying problem. As this happens the market should find its feet again and more reasonable assessments can be made about the valuations of businesses again. Our job right now is to try to remain level headed, to do the detailed work on our investee companies and potential new investments, so that we can have confidence in their ability to recover when the tide does turn.

"We are very much thinking of you, the investors in our funds, wishing you safe keeping and good health as we go through the next few months of this crisis, and wanting to express confidence that the economy can be re-assembled and thrive again when it abates. We are doing all we can to ensure that the companies in which we invest on your behalf are strong enough to be part of the recovery."

Overview

The Company's net asset value (NAV) at the year end was 155.6p per share. Having risen by 8.5% in the first half, the value continued to rise in the second half, giving a total NAV return of 12.0% for the year under review. This compares to a rise for the Numis Alternative Markets Total Return Index of 8.1%. Further details about the market movements during the year and the portfolio's performance and activity are given in the Manager's Review.

The rate of new qualifying investments slowed in the second half, reflecting the uncertainty created by the Brexit stalemate in Parliament and the December General Election. After investing £9.8m in new qualifying investments in the first half, the Company invested a further £1.2m in the second half, making a total of £11.0m over the year, which compares to £13.7m, invested in the previous financial year.

Other Corporate Developments

On 31 October 2019, the Company launched a Prospectus Share Offer seeking to raise up to £25m over a 12-month period from the date of the Prospectus, with an over-allotment option to raise a further £20m, either in whole or in part. The Offer has raised £24m of new money by the date of this report as a result. The Board has indicated that the over-allotment facility will only be utilised should the directors believe that the level of new investments made and the pipeline of new investment opportunities requires it.

Investment Performance and Dividend

For some years the dividend policy of the Company has been to pay between 5% and 6% of the Company's net asset value at its immediately preceding financial year end, subject to sufficient liquidity and distributable reserves. At 31 January 2020 the net asset value was 155.6p per share. Due to the current COVID-19 restrictions on movement and uncertainty as to when these will reduce or cease, the date and format of the Company's AGM are not finalised. The directors therefore declare payment of a second interim dividend of 4.25p per share payable on 24 July 2020 to shareholders on the register on 19 June 2020. When added to the interim dividend of 3.50p per share paid in November 2019, total dividends for the year are 7.75p per share, which is 5% of year end NAV.

VCT Legislation

The new tests which were applied to VCTs in the 2018 Budget are now fully in operation. They are detailed and complex. Old pools of money (those raised before the start of the third preceding financial year) are required to be 80% invested in qualifying holdings (for the Company 70% to 31 January 2020) and at 31 January 2020 the VCT was 86.13% so invested. Additionally, 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 funds are raised. The Company achieved this target more than twelve months earlier than required. The holdings bought with new money raised become part of the old pools at the end of the third financial year. Shareholders can be assured that the Board and the Manager are monitoring the workings of these rules carefully.

The rules brought in over the past three years governing what constitutes a qualifying holding have the result of restricting both the number and nature of investment opportunities that arise. The main factors narrowing the number of opportunities are the prohibition on providing funding for acquiring assets or businesses and the restrictions over the age of investee companies. Consequently, new qualifying holdings are likely to be earlier stage and take longer to reach profitability than would have previously been the case. The money invested has to be for the purpose of funding business growth. The Manager makes investments with a view to the long term where they see a significant opportunity but will exit positions early where the investment case can no longer be supported. The intention is to run our successes and to continue to build a portfolio of maturing and profitable growth companies.

Annual General Meeting ("AGM")

The directors have always encouraged shareholder attendance at the AGM. However, given the circumstances surrounding the current global COVID-19 pandemic our key concern is the safety and wellbeing of shareholders and other attendees at the AGM. The Company is required by law to hold an AGM and the Board is considering all options on how best to deal with the potential impact of the COVID-19 pandemic and the Government restrictions. Such options may include imposing restrictions on the number of shareholders who can attend the AGM in person. The Board will continue to monitor the Government's advice and urges all shareholders to comply with any Government restrictions in place at the time of the AGM.

The current intention is to hold the AGM in June 2020 in Edinburgh. The Company will send a separate Notice of AGM to shareholders with full details of the AGM. The Manager will, at the same time as the separate Notice of AGM is sent to shareholders, set up a dedicated page on its website setting out all the information relating to this year's AGM in one place, including a list of the resolutions to be voted on. A clear link will be provided to this page from the home page at www.amatiglobal.com.

The Board encourages all shareholders to exercise their votes in respect of the meeting in advance. Voting by proxy will ensure that your votes are registered in the event that attendance at the AGM is not possible, restricted, or if the meeting is postponed (your votes will still be valid when the meeting is eventually held). As well as being able to record your proxy vote in respect of the AGM by post, you may also register your vote via the online voting service offered by the Company's registrar, Share Registrars, by visiting the website of the Registrar. Registration is required in order to use this service. To register, please visit www.shareregistrars.uk.com and click on "Register" under the title "Account Log In". If you have already registered, log in and click on "My meeting votes". Setting up an online account with the Share Registrars Portal will also allow shareholders to confirm how many shares they own and view past dividend payments received.

Peter A. Lawrence
Chairman

14 April 2020

Fund Manager's Review

Market Review

After sustained weakness in the final quarter of 2018, the UK stock market staged a strong recovery in the early months of 2019. The drivers behind this appeared to be more global than domestic and influenced more by investor sentiment than fundamental data. A key component was the decision by the US Federal Reserve to step away from monetary policy tightening in late January, which represented a sharp reversal of its previous stance.

Pointing to sluggish inflation and slowing growth in Europe and China, it said that the case for raising interest rates had weakened. Buoyed by this dovish tone, US investors shifted towards an expectation of rate cuts and further global stimulus. Despite a roller coaster of conflicting headlines, there was also faith that a trade deal would eventually be struck between the US and China. These sentiment tailwinds saw US indices achieve all time high levels by late April and as global stock markets joined in with the momentum, the UK recorded strong gains across all segments. This was despite poor domestic news involving a fairly chaotic political environment and the failure to negotiate a Brexit agreement by the initial deadline of the end of March.

In May, stock markets suffered their first weakness of the year. The most likely catalyst was profit-taking, as highly rated valuations contrasted with a backdrop of fairly mixed macroeconomic and earnings data, particularly in the UK. May also saw a turning point in currency markets where Sterling started to weaken after several months of surprising strength. With Brexit rhetoric hardening towards a possible "no-deal" outcome in the lead up to the Conservative leadership contest, Sterling continued to fall heavily into the end of July, even as the UK stock market rebounded to reach a high point for the period. Currency trends influenced the pattern of the UK's recovery, as investors favoured companies with international earnings likely to benefit from Sterling's weakness. As a result, larger capitalisation companies provided the strongest performance in the first half of the period, with the remainder of the UK market lagging some way behind.

From August onwards, index leadership within the UK market changed dramatically, and this reflected a significant recovery in Sterling as currency traders took a more positive stance on Brexit deal prospects. Large companies treaded water for most of the second half of the period, with leadership shifting to mid caps which rallied strongly into the end of the calendar year to become the best performing UK segment by a considerable margin. This dynamic was boosted in October when discussions between Irish premier Leo Varadkar and UK premier Boris Johnson suggested that a Brexit resolution might be achievable, and also in December when the unexpected substantial election majority for the Conservatives emerged. These events favoured domestically focused companies, with the improved sentiment extending to small cap and AIM stocks. January saw some profit taking in mid caps, but they nevertheless retained their overall market leadership for the period. Despite their late rally, AIM stocks lagged some way behind.

Performance

The VCT's NAV Total Return for the period was 12.0%. This outperformed the benchmark Numis Alternative Markets Total Return Index, which gained 8.1%.

The biggest contributor to performance was the VCT's largest individual equity holding, **Learning Technologies Group ("Learning Technologies")**, the corporate digital learning and talent management specialist, whose shares more than doubled over the period. This reflected an EBIT (Earnings Before Interest & Tax) increase of 58% for the year to December 2019, well ahead of market expectations. This performance was driven by a continuing trend of cross-selling initiatives, improved margins, and synergy gains realised from the integration of acquisitions. Learning Technologies has a pipeline of international acquisition opportunities, as it seeks to consolidate its end markets.

A number of other holdings generated strong gains. This included **AB Dynamics**, the specialist automotive engineering group, whose shares rose 40%. AB Dynamics continues to benefit from its strong market position and long term customer relationships, as well as a supportive regulatory environment. Its track testing and simulation products and services, remain central to the development of Advanced Driver Assistance Systems and autonomous vehicles by global automotive manufacturers. **Frontier Developments ("Frontier")**, the video gaming

Fund Manager's Review (continued)

publisher and developer, gained 59%. During the year the company released its fourth successful title, Planet Zoo, a zoo simulation game which achieved number one bestseller on the Steam retail platform. Frontier announced record financial performance during the period. **Ixico**, is the developer of a digital imaging platform which uses Artificial Intelligence ("AI") to analyse and interpret brain scans beyond the capabilities of the human eye. The shares more than trebled after the company won a series of neuroscience clinical trial contracts, taking it into profitability. Ixico's data analytics provides insights into disease progression, such as with multiple sclerosis, enabling better trial design, patient selection and clinical outcomes. **GB Group**, the identity management software and data specialist, gained 55% after another year of strong organic growth supplemented by acquisitions. For the half year to September 2019, revenues grew by more than 60% and adjusted operating profit more than doubled. Earlier in February, the company announced a major US acquisition, IDology Inc, which focuses on identity verification and fraud protection in financial services. This will materially enhance GB Group's global scale. **Ideagen**, the provider of governance, risk and compliance software solutions, gained 42%. Again, this reflected another year of strong growth. For the half year to October 2019, revenues grew by 30% and adjusted pre-tax profits by 25%. This was driven by a combination of organic growth plus acquisitions.

The VCT's sole non-qualifying holding, the **TB Amati UK Smaller Companies Fund**, gained 24% compared to a rise in its benchmark over the period of 13%. **Tristel**, the manufacturer of infection control and hygiene products, gained 39%. The company continues to achieve international regulatory approvals for its products, with awards in China and South Korea during the period. This has driven overseas revenues to 55% of the group total, following growth of 26% in the full year to June 2019. The company is also actively pursuing approvals in the US. It is also acquiring its distributors to capture margin, with recent deals completed in Belgium, the Netherlands, France and Italy. **Polarean Imaging ("Polarean")**, the developer of enhanced medical imaging technology, gained 76% as it announced positive results from two Phase III clinical trials in lung function. Polarean's drug-device technology offers the potential of non-invasive, image based diagnosis without exposing patients to ionizing radiation. **Premier Technical Services Group**, the building maintenance specialist, gained 45% after being the subject of a cash bid from financial conglomerate Macquarie.

The greatest detractor from performance was **accesso Technology Group**, the ticketing, queuing and visitor experience software provider, which fell 74% after announcing that its Executive Chairman was moving to a non-executive role and that an aborted acquisition had incurred material exceptional costs. The company subsequently entered into a formal sale process in July with a number of interested parties, but this was ended in January after no acceptable offers were received. At the same time a new CEO was announced, who was the original founder of the accesso business acquired by the group in 2012, and who previously served as CEO from 2016 to 2018. We view this as a strong appointment for the future. **LoopUp Group**, the Software-as-a-Service ("SaaS") provider of conference call technology, fell 73% after it reported challenging market conditions and a fall of 11% in like-for-like revenues. This was blamed on lower activity volumes amongst professional services clients such as lawyers and brokers, in the face of the UK's economic and political uncertainties. It is hoped that renewed confidence following the general election result will stimulate a recovery in transaction activity this year. **Craneware**, the US hospital billing software specialist, fell 32% after warning that newly launched products had experienced a slower than anticipated uptake, and that there had been the loss of a large customer. Nevertheless, the group continues to generate a high level of recurring revenues. **Quixant**, the manufacturer of technology solutions for the global gaming industry, warned of softness in demand from several customers, particularly in the Australian market, where some major clients lost market share to their competitors' products. This situation ought to be recoverable in the medium term. The shares fell 38%. **Bilby**, the gas heating, electrical and building services provider, fell 63% as it experienced problems with two loss-making contracts, the legal resolution of which caused material write-downs. This result was driven by a new CEO who joined in April, who has also instigated a restructuring of the group, a strengthening of the board and a £2m fund raise to improve working capital. The company has a substantial revenue base and continues to win large scale contracts. **Falanx Group**, the global cyber security and intelligence services provider, fell 57% as it missed revenue expectations following a fundraise. This was caused mainly by a lack of progress in a partnering

"Market falls have been steep since the year end creating a level of market distress not seen since the great financial crisis of 2008. We believe that the VCT's portfolio is of much better quality and greater resilience now than it was then, and that this should help it to emerge with the potential to rebound on the other side of this crisis."

arrangement with US Nasdaq listed Solar Winds, whereby Falanx hoped to market its network threat monitoring product and services to Solar's 2,000 UK Managed Service Provider customers. The company expects a better outcome in the year ahead. After very strong gains in 2018, **Creo Medical Group**, the developer of patented electrosurgical devices, fell 25% despite making good progress towards building commercial scale. After developing a suite of products and a distribution network, the company is now well placed for future growth.

Portfolio Activity

The Company made six new investments and three follow-on investments during the period. The new investments comprised one Initial Public Offering ("IPO"), and five placings in companies already quoted on AIM.

The new IPO investment was in **Diaceutics**, a company providing specialist data services and consultancy in the rapidly growing area of precision medicines. These medicines are targeted at patients with specific biomarkers that require diagnostic testing, and Diaceutics collects data from laboratories on an anonymised basis and analyses it for drug company clients, implanting a plan of action to assist laboratories which are not reaching the expected level of testing to support the usage of the drug. Turnover has more than doubled in three years to over £10m. A new investment was also made in **Evgen Pharma**, a life sciences company with technology based on the active compound sulforaphane, which is made naturally in the body when broccoli (or any other brassica plant) is eaten. At the time of the fundraise, Evgen had two Phase II trials in progress, involving treatments relating to metatastic breast cancer and subarachnoid haemorrhages, both of which offered significant value inflection points. Seven months later the company made the surprise announcement that its stroke trial had failed to show any placebo difference. On a reappraisal of the investment we decided that since we would not be prepared to commit further capital to the business in the future, the holding should be sold. Another new investment was **Sosandar**, a rapidly growing online retailer of women's fashion targeting an older demographic which has become poorly served by declining high street stores. Key metrics such as conversion rates (of website views to sales), basket sizes and repeat orders are all positive and funds were raised to improve upfront buying terms with suppliers and to build inventory levels. Also new was **Velocys**, a company with a reactor technology which can convert waste into commercial fuels at around 80% efficiency. This technology has been demonstrated at commercial scale and is targeted at the sustainable production of jet-fuel and clean diesel. The company has formed a consortium with BA (part of IAG) and Shell to build the first commercial plants using municipal waste and wood chip as feedstock.

Fund Manager's Review (continued)

Currently there is no source of sustainable jet fuel, hence BA's strategic interest in Velocys' technology. Velocys' revenues will be from licences, the supply of reactors, the supply of catalysts, and from royalties. The placing raised funds for ongoing engineering design work and working capital. Another new investment was **Intelligent Ultrasound**, which develops AI image analysis software for the diagnostic medical ultrasound market and also virtual reality simulators for the ultrasound training market. There is currently a 20% shortfall of ultrasound practitioners compared to clinical demand. The AI software division is currently pre-revenue, but a first licensing agreement has been signed with one of the world's leading ultrasound equipment manufacturers. The simulation division has a growing revenue base. Funds were raised for product development and additional working capital. The final new investment was **Cloudcall Group ("Cloudcall")**, which provides a unified suite of cloud-based software and communication products and services. By fully integrating telephony, messaging and contact centre capabilities, this enables organisations to leverage customer data to improve business intelligence and performance. The company has initially focused on the Customer Relationship Management ("CRM") market, and has partnered with two leading recruitment software providers whose products integrate with the Cloudcall platform. The funds were raised for product development, expansion into overseas offices and further penetration of the recruitment and other new markets.

The first follow-on placing the Company took part in was for **MaxCyte**, which has a proprietary cell-engineering platform delivering medicines to patients with unmet medical needs. The underlying technology involves electroporation, a technique which allows genetic material to be passed into a cell as part of the development of innovative medicines. MaxCyte's clients currently include 20 of the top 25 global pharmaceutical companies. Funds were raised to cover working capital, drug trials and product development. The second follow-on investment was in **Block Energy**, the Georgian based oil and gas explorer. The company drilled a horizontal well in its West Rustavi field and initial flow tests showed an exceptional result, following which the company raised money for further drilling activity. However, since bringing this well into production it has proved problematic with water ingress in the reservoir. The company continues to work towards a solution to this problem. The third follow-on placing was in **Polarean**, the developer of technology which enables existing MRI scanners to achieve an improved level of lung imaging by using a highly polarised non-radioactive isotope of Xenon gas as an inhaled agent. This technique displays detail down to the smallest airways of the lung and the related vasculature. The funds raised will be used mainly for ongoing Phase III trials.

During the period, there were further part-disposals of the company's holding in **AB Dynamics**, representing 23% of the position. Together with previous sales, a total of 38% of an investment of £620,885 made in 2013, split between Amati VCT plc and Amati VCT 2 plc, has now been realised for a total of £4.4m. This follows significant outperformance with share disposals made at successively higher levels. The company remains a core holding, but would have become too heavy a weighting without these trades. Sub-scale positions in **ADVFN**, the private investor website; **Escape Hunt**, the franchised leisure attraction operator; **Mirriad Advertising**, the advertising video technology developer; **Sabien Technology Group**, the boiler efficiency product provider; and **appScatter Group**, the apps distribution and management platform, were all sold. Other disposals were **Evgen Pharma**, for reasons discussed above, and **Oncimmune Holdings**, the developer of blood based cancer tests, on concerns about the design and results of its clinical trials.

Outlook

As already noted in the Chairman's Statement, the outlook is now firmly dominated by the COVID-19 pandemic. Market falls have been steep since the year end creating a level of market distress not seen since the great financial crisis of 2008. We believe that the VCT's portfolio is of much better quality and greater resilience now than it was then, and that this should help it to emerge with the potential to rebound on the other side of this crisis, albeit that this seems like a distant prospect at the moment.

We have been active in making new qualifying investments in the new financial year, three of which have so far been into existing holdings in scaled-up placings that were healthily over-subscribed prior to the recent market falls, leaving them very well funded to develop and grow over the next few years. We also expect that the current period of financial stress will see an increased flow of attractive investment opportunities arising on AIM.

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

14 April 2020

Fund Manager Biographies

Amati Global Investors

Amati Global Investors is a specialist fund management business based in Edinburgh. It focuses on UK small and mid-sized companies, with a universe ranging from fully listed constituents of the FTSE Mid 250 and FTSE Small Cap indices, to stocks quoted on the Alternative Investment Market. It is the manager of Amati AIM VCT (for which it won 2019 Investment Week awards for Investment Company of the Year – VCTs and Tax Efficiency – VCTs best AIM-based) the TB Amati UK Smaller Companies 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 Tier 1 signatory to the UK Stewardship Code and a signatory to the UN-supported Principles for Responsible Investment (PRI).

Amati
Global Investors

Paul Jourdan
Founder and CEO

Dr Paul Jourdan is an award winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory where he gained experience in UK, emerging market and global equities. In 2000, Stewart Ivory was taken over by First State and Paul became manager of what is now TB Amati UK Smaller Companies Fund. In early 2005, he launched Amati VCT and then also became manager of Amati VCT 2 plc after the investment management contract moved to Amati Global Investors in 2010. In September 2014 Amati launched the Amati AIM IHT Portfolio Service, which Paul co-manages with David Stevenson and Anna Macdonald. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He is a CFA Charterholder, CEO and a director of Amati and a director of Sistema Scotland, a Scottish registered charity, and also 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 TB Amati UK Smaller Companies Fund and Amati AIM VCT since 2012 and the Amati AIM IHT Portfolio Service since 2014.

Anna Macdonald
Fund Manager

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

Investment Portfolio
as at 31 January 2020

FTSE Sector	Original Amati VCT bookcost at 4 May 2018[§] £'000	Cost[*] £'000	Aggregate Cost[**] £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	Sector	Dividend Yield[NTM] %	Fund %
TB Amati UK Smaller Companies Fund	3,331	6,122	9,453	13,528	2,454	-	Financials	1.8	9.2
Learning Technologies Group plc[1]	780	3,771	4,551	10,736	5,944	1,040.5	Technology	0.5	7.3
AB Dynamics plc[1,3]	209	2,370	2,579	9,746	3,946	487.2	Industrials	0.2	6.7
Ideagen plc[2]	565	2,738	3,303	9,471	2,808	450.4	Technology	0.2	6.5
Frontier Developments plc[1]	341	4,357	4,698	8,802	3,254	549.4	Consumer goods	-	6.0
GB Group plc[2,3]	236	2,967	3,203	8,012	2,834	1,380.6	Technology	0.5	5.5
Tristel plc[2]	543	2,747	3,290	7,192	2,028	174.8	Health care	1.5	4.9
Keywords Studios plc[1]	323	4,851	5,174	6,262	203	804.2	Industrials	0.1	4.3
Ixico plc[1]	-	1,409	1,409	4,226	2,868	39.6	Health care	-	2.9
Craneware plc[2]	298	3,601	3,899	4,017	(1,934)	501.7	Technology	1.4	2.7
Top Ten	**6,626**	**34,933**	**41,559**	**81,992**					**56.0**
Polarean Imaging plc[1]	-	1,900	1,900	3,738	1,581	34.3	Health care	-	2.6
Quixant plc[2,3]	419	3,777	4,196	2,963	(1,830)	112.9	Technology	2.0	2.0
Hardide plc[1]	695	1,666	2,361	2,804	(271)	32.9	Basic materials	-	1.9
Diaceutics plc[1]	-	1,557	1,557	2,602	1,045	88.4	Health care	-	1.8
Sosandar plc[1]	-	1,872	1,872	2,371	499	30.9	Consumer services	-	1.6
Water Intelligence plc[2]	180	1,038	1,218	2,281	(587)	47.3	Industrials	-	1.6
Angle plc[1]	-	1,615	1,615	2,229	323	119.2	Health care	-	1.5
Creo Medical Group plc[1,3]	-	1,613	1,613	2,193	(722)	255.6	Health care	-	1.5
Amryt Pharma plc Ordinary shares[1,3]	870	693	1,563	1,728	368	188.5	Health care	-	1.2
Amryt Pharma plc Contingent Value Rights ("CVRs")[1,3]	-	-	-	339	339	-	Health care	-	0.2
Anpario plc[2]	277	1,552	1,829	2,023	(196)	72.3	Health care	2.2	1.4
Top Twenty	**9,067**	**52,216**	**61,283**	**107,263**					**73.3**
Block Energy plc[1,3]	-	3,000	3,000	1,994	(931)	15.4	Oil & Gas	-	1.4
Brooks Macdonald Group plc[2]	-	1,154	1,154	1,965	446	341.7	Financials	2.8	1.4
SRT Marine Systems plc[1]	709	465	1,174	1,887	635	75.9	Technology	-	1.3
Velocys plc[1]	-	2,000	2,000	1,783	(217)	17.2	Oil & Gas	-	1.2
MaxCyte Inc.[1,3]	449	1,535	1,984	1,523	(213)	89.1	Health care	-	1.0
Science in Sport plc[2]	811	1,145	1,956	1,380	(210)	56.5	Consumer goods	-	0.9
Belvoir Group plc[1]	404	379	783	1,321	565	58.3	Financials	4.1	0.9
Solid State plc[2]	259	261	520	1,251	383	51.5	Industrials	2.5	0.9
Fusion Antibodies plc[1]	565	879	1,444	1,207	604	19.9	Health care	-	0.8
Rosslyn Data Technologies plc[1]	614	333	947	868	(237)	10.6	Technology	-	0.6
accesso Technology Group plc[1]	-	221	221	796	(2,322)	99.5	Technology	-	0.5
LoopUp Group plc[1,3]	490	2,087	2,577	787	(2,093)	45.3	Technology	-	0.5
Intelligent Ultrasound plc[1]	-	825	825	784	(41)	20.9	Health care	-	0.5

FTSE Sector	Original Amati VCT bookcost at 4 May 2018[#] £'000	Cost[*] £'000	Aggregate Cost[**] £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	Sector	Dividend Yield[NTM] %	Fund %
Universe Group plc[1]	142	346	488	777	251	16.9	Industrials	-	0.5
Equals Group plc[1,3]	-	1,137	1,137	744	(610)	89.3	Financials	-	0.5
Property Franchise Group plc (The)[2]	155	197	352	679	330	59.4	Financials	3.4	0.5
Falanx Group Limited[1]	-	1,350	1,350	585	(765)	5.2	Industrials	-	0.4
Byotrol plc[1]	511	348	859	550	(100)	9.5	Basic materials	-	0.4
Bilby plc[2]	676	1,005	1,681	517	(884)	14.1	Industrials	-	0.4
i-nexus Global plc[1]	-	2,500	2,500	475	(633)	4.4	Technology	-	0.3
Velocity Composites plc[1]	496	307	803	460	232	14.4	Industrials	-	0.3
Cloudcall Group plc[1]	-	350	350	319	(32)	35.2	Technology	-	0.2
Ilika plc[1]	208	57	265	266	84	38.3	Oil & Gas	-	0.2
Bonhill Group plc[1,3]	-	670	670	235	(511)	13.6	Consumer services	3.0	0.2
Brighton Pier Group plc (The)[1]	314	175	489	227	57	22.4	Consumer services	-	0.2
MyCelx Technologies Corporation[1]	440	205	645	226	(542)	10.9	Oil & Gas	-	0.2
Netcall plc[2]	-	110	110	208	12	48.8	Technology	0.5	0.1
Synectics plc[2]	-	342	342	198	(55)	25.8	Industrials	-	0.1
Diurnal Group plc[1]	732	708	1,440	195	(45)	22.5	Health care	-	0.1
Genedrive plc[1]	326	116	442	156	(23)	7.0	Health care	-	0.1
Antenova Limited Ordinary shares & A Preference Shares[1]	-	100	100	128	-	4.2	Telecommunications	-	0.1
FireAngel Safety Technology Group plc[1]	-	690	690	91	(78)	11.0	Industrials	-	0.1
Dods (Group) plc[1]	-	596	596	80	(64)	22.2	Consumer services	-	0.1
Allergy Therapeutics plc[1]	-	29	29	29	(7)	70.0	Health care	-	-
Investments held at nil value			2,000	-	253		-		-
Total investments	**17,368**	**77,838**	**97,206**	**131,954**					**90.2**
Net current assets				**14,370**					**9.8**
Net assets	**17,368**	**77,838**	**97,206**	**146,324**					**100.0**

1 Qualifying holdings.

2 Part qualifying holdings.

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

\# 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 bookcost to the Company either as a result of market trades and events or asset acquisition.

NTM Next twelve months consensus estimate (Source: FactSet and Fidessa)

The Manager rebates the management fee of 0.75% on TB Amati UK Smaller Cmpanies 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], China Food Company plc, Leisurejobs.com Limited[1] (previously The Sportweb.com Limited), Polyhedra Group Limited[1] (previously Polyhedra Group plc),

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 86.1%.

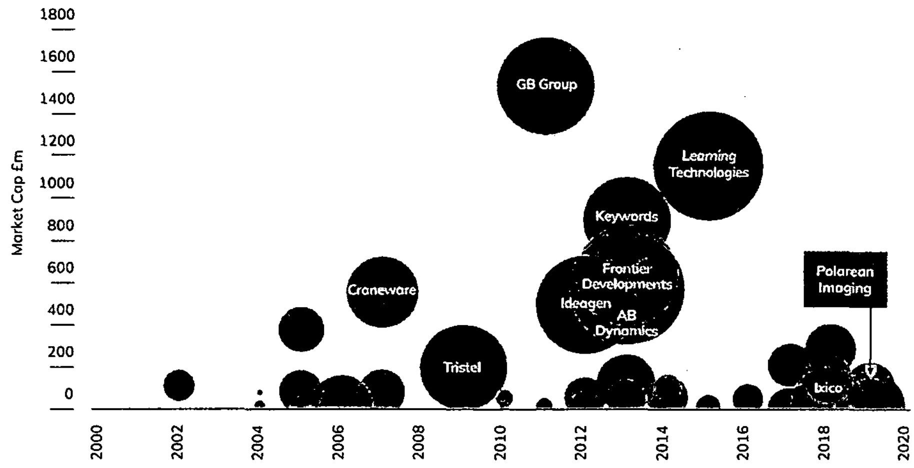
Investment Portfolio (continued)

Analysis as at 31 January 2020

Qualifying portfolio

The portfolio of qualifying investments in the Company as at 31 January 2020 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.

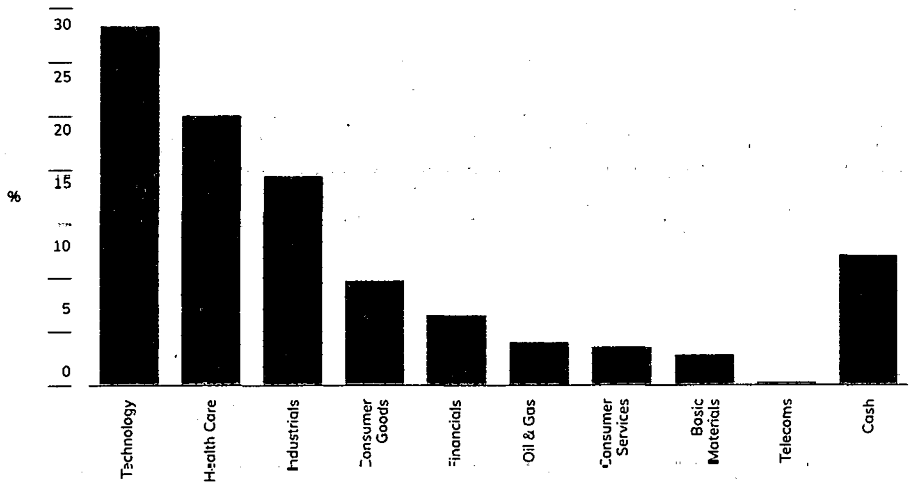
The top ten qualifying portfolio companies are labelled. The dates of investments in securities held solely by Amati VCT plc prior to the merger with Amati VCT 2 plc in May 2018, are given as the dates those securities were originally acquired by Amati VCT plc.



Source:
Amati Global Investors as at 31 January 2020

Sector split

The portfolio of investments in the Company as at 31 January 2020 is analysed in the graph below by sector. This includes a sector split of the investments within the TB Amati UK Smaller Companies Fund which in the Investment Portfolio table on pages 12 and 13 is classed as Financials.



Investment Policy, Company Objectives and Investment Strategy

Company Objectives

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

Investment Policy

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

Investment Parameters

Whilst the objective is to make Qualifying Investments primarily in companies traded on AIM or on NEX, the Company may also make Qualifying Investments in companies likely to seek a quotation on AIM or NEX. With regard to the non-qualifying portfolio the Company makes investments which are permitted under the VCT regulations, including shares or units in *an Alternative Investment Fund (AIF) or an Undertaking* for Collective Investment in Transferable Securities (UCITS) fund, and shares in other companies which are listed on a regulated market such as the Main Market of the London Stock Exchange. For continued approval as a VCT under the ITA the Company must, within three years of raising funds, maintain at least 70%* of its value (based on cost price, or last price paid per share if there is an addition to the holding) in qualifying investments. 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 in investments which are allowable under the rules applicable to VCTs. Currently, cash not needed in the short term is invested in a combination of the following (though ensuring that no more than 15% of the Company's funds are invested in any one entity at the time of purchase):

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

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

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

*80% for accounting periods beginning on or after 6 April 2019.

Environmental, Social and Governance ("ESG") Policies and the EU Non-Financial Reporting Directive (EU/2014/95).

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 considerations that the Investment Manager will take into account as part of its investment process.

- Environmental – examining issues arising from supply chains, climate change and contamination. The Investment Manager looks for management teams who are aware of the issues and are proactive in responding to them.
- Social – seeking to avoid unequivocal social negatives, such as profiting from addiction or forced labour and to support positive impacts which will more likely find support from customers and see rising demand.
- Governance – examining and, where appropriate, engaging with companies on board membership, remuneration, conflicts of interest such as related party transactions, and business leadership and culture.
- Human Rights – adopting and advocating a Clean Trade approach, which means avoiding companies that tacitly support the most oppressive regimes and engaging positively with those that uphold Article 1 of the International Covenants on Civil and Political Rights, particularly in relation to the extraction of natural resources.

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 pages 23 and 24;
- Net asset value and total return to shareholders (the aggregate of net asset value and cumulative dividends paid to shareholders, assuming dividends re-invested at ex-dividend date). See graphs on page 3;
- Comparison against the Numis Alternative Markets Total Return Index. See graphs 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 TB Amati UK Smaller Companies Fund, a small and mid cap fund managed by the Manager. The Company receives a full rebate on the fees payable by the Company to the Manager within this fund either through a reduction of fees payable by the Company or a direct payment by the Manager.

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

Administration Arrangements

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

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

Fund Manager's Engagement

The Board regularly appraises the performance and effectiveness of the managerial, administrative 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 works closely with the Manager but reports directly to the Board.

Principal and Emerging Risks

The Board considers that the Company faces the following major risks:

1. **Investment Risk**

   A substantial portion of the Company's investments are in small AIM traded companies as well as some unquoted companies. By their nature these investments involve a higher degree of risk than investments in larger fully listed companies. These companies tend to have limited product lines and niche markets. They can be reliant on a few key individuals. They can be dependent on securing further financing. In addition, the liquidity of these shares can be low and the share prices volatile.

   To reduce the risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. Investments are actively and regularly monitored by the Manager and the Board receives detailed reports on the portfolio in addition to the Manager's report at regular Board meetings. The Manager also seeks to limit these risks through building a highly diversified portfolio with companies in different sectors and markets at different stages of development.

2. **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.

   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 taxation 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.

3. **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.

   In July 2013 the Alternative Investment Fund Directive ("AIFMD") was implemented, a European 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 and other professional bodies.

4. **Internal Control Risk**

   Failures in key controls within the Board or within the Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

   Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust. The Manager operates a robust risk management system which is reviewed regularly to ensure the controls in place are effective in reducing or eliminating risks to the Company. Details of the Company's internal controls are on page 33.

   The Board seeks to mitigate the internal control risk by setting policy, regular reviews of performance, enforcement of contractual obligations and monitoring progress and compliance.

5. **Financial Risk**

By its nature, as a venture capital trust, the Company is exposed to market price risk, credit risk, liquidity risk, interest rate risk and currency risk. The Company's policies for managing these risks are outlined in full in notes 15 to 19 to the financial statements on pages 61 to 63.

The Company is financed through equity.

6. **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 Manager seeks to mitigate this 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.

7. **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 quarterly board meetings of the Manager.

Other Matters

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.

Shareholders

The Board places great importance on communication with its shareholders and, outside of the confines of the COVID-19 restrictions in place in 2020, encourages shareholders to attend the AGM and an annual investor event and welcomes communication from shareholders as described more fully on pages 33 and 34 in the Statement of Corporate Governance.

Investment Manager

The investment management services are fundamental to the long-term success of the Company through the pursuit of the investment objectives. The Board's decisions are intended to achieve the Company's objective to generate tax free capital gains and income on investors' funds, and maintaining the Company's status as a VCT is a critical element of this. The Board regularly monitors the Company's performance in relation to its investment objectives and seeks to maintain a constructive working relationship with the Manager. Representatives of the Manager attend each quarterly board meeting and provide an update on the investment portfolio along with presenting on macro-economic issues. The Board also expects good standards at the companies within which the Company is invested and, as described on page 23, the Manager is a signatory to the Principles for Responsible Investment.

Other service providers

Certain providers such as registrar, receiving agent, tax adviser, auditor, lawyers and others contract directly with the Company and do work on its behalf. Other providers such as the Company Secretary and the Fund Accountant provide their services to the Company via a contract with the Manager. The quality of the provision of these services is considered by the Board at Board meetings.

Investee companies

The Company's performance is directly linked to the performance of its underlying investee companies and accordingly communication with those entities is regarded as very important. The Manager does not have board representation in any investee company but does interact with directors and senior management of investee companies regularly.

The Board's primary focus in promoting the long-term success of the Company for the benefit of the members as a whole is to direct the Company with a view to achieving the investment objective in a manner consistent with its stated investment policy and strategy.

Key decision making

The Board has policies for dividends, share buybacks and the dividend re-investment scheme, all of which it is considered are for the benefit of shareholders. During the year the directors discussed these and re-affirmed their commitment to the policies.

The Board considered the direction and future aims of the Company and the desire to continue to invest in growth businesses with the aim of benefiting all stakeholders. A key part of that is fundraising, to provide new funds for investment in existing or new investee companies (where allowed by VCT regulations). Aligned with this is the need to maintain sufficient cash balances to be able to take advantage of investment opportunities, to maintain stable and predictable dividends for investors, and to provide liquidity for shareholders by facilitating buybacks.

The Board decided to run a Top Up Offer that launched in February 2019 and raised its full £7m under the rules governing non-prospectus offers. In June 2019 the Board announced its intention to launch a Prospectus Offer for subscription. This decision was made having considered the deployment of funds over the previous six months and the pipeline of investment opportunities. The Offer opened on 31 October 2019 with the objective of raising £25m (with an over-allotment facility to raise a further £20m).

Environmental, Social and Governance ("ESG") Policies and the EU Non-Financial Reporting Directive (EU/2014/95).

The Company has no employees and no premises and the Board has decided that the direct impact of its activities is minimal. 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 is a Tier 1 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), 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.

Responsible Ownership

Amati Global Investors, the Manager, is a signatory to the Principles for Responsible Investment. This United Nations supported initiative has sustainability as its core value and the tenet that environmental, social and governance issues can affect the performance of investment portfolios and should be considered alongside the more traditional considerations given to investment.

Amati has endorsed the UK Stewardship Code. This sets out the responsibilities of institutional investors in relation to the companies in which it invests.

Voting on portfolio investments

In 2019 the Manager voted in respect of 57 Amati AIM VCT holdings at 74 company meetings on a range of ESG issues.

Business Conduct

The Company has a zero tolerance approach to bribery including conducting all business in an honest and ethical manner and the Company is committed to acting 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 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 the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

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 70% 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, of which at least 70% by VCT value must be ordinary shares which carry no preferential rights. For funds raised prior to April 2011 at least 30% by VCT value must be in ordinary shares which carry no preferential rights. All of the above percentages rise to 80% for accounting periods beginning on or after 6 April 2019 which for the Company means from 1 February 2020. 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;

Other matters (continued)

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

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

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

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

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

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

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

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

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

PRIIPs REGULATIONS

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

STATEMENT ON LONG-TERM VIABILITY

In accordance with the UK Corporate Governance Code published in July 2018 (the "Code"), the directors have carried out a robust assessment of the prospects of the Company for the period to January 2025, taking into account the Company's current position and emerging and principal risks, and are of the opinion that, at the time of approving the financial statements there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over that period.

To come to this conclusion, the Manager prepares and the directors consider an income statement forecast for the next five years which is considered to be an appropriate time period due to its consistency with the UK Government's tax relief minimum holding period for an investment in a VCT. The directors consider that for the purpose of this exercise it is not practical or meaningful to look forward over a period of more than five years. This time frame allows for reasonable forecasts to be made to allow the Board to provide shareholders with reasonable assurance over the viability of the Company. In making their assessment the directors have taken into account the nature of the Company's business and Investment Policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of non-qualifying investments.

OTHER DISCLOSURES

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

On behalf of the Board

Peter A. Lawrence
Chairman

14 April 2020

Board of Directors

Peter Lawrence

Peter Lawrence joined the Board in May 2018 and is chairman of the Company. He is also chairman of Baronsmead Venture Trust plc and of Anpario plc, which is traded on AIM. On 7 March 2019 he retired as chairman of ECO Animal Health Group plc, an AIM-traded company which he founded in 1972. Peter was chairman of Amati VCT plc prior to the merger with Amati AIM VCT plc.

Julia Henderson

Julia Henderson joined the Board 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 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. She was a director of Amati VCT plc prior to the merger with Amati AIM VCT plc.

Susannah Nicklin

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

Brian Scouler

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

Directors' Report

The Statement of Corporate Governance on pages 30 to 34 forms part of the directors' report.

Principal Activity and Status

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

Directors

The directors of the Company during the year under review were Peter Lawrence, Julia Henderson, Mike Killingley, Susannah Nicklin and Brian Scouler. Mike Killingley retired from the Board on 26 June 2019. The Company indemnifies its directors and officers and has purchased insurance to cover its directors.

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 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

The Board reviews the Manager's engagement, including its management processes, risk controls and the quality of support provided to the Board and believes that its continuing appointment, on its current terms, remains in the interests of shareholders at this time.

Dividend

The Company paid an interim dividend of 3.5p per share on 22 November 2019. As stated in the Chairman's Statement on page 5, the Board has declared a second interim dividend of 4.25p per share payable on 24 July 2020 for the financial year ending 31 January 2020.

Share Capital

There were 94,039,012 ordinary shares in issue at the year end. During the year 10,164,355 shares in the Company were allotted as a result of offers at an average price of 148.0.p per share raising £14.9m net of issue costs. 725,672 shares in the Company were allotted as a result of the Dividend Re-investment Scheme. Since the year end, 10,152,810 shares have been issued under the Offer for Subscription, please refer to Note 20 on pages 63 and 64 for further details.

During the year 2,400,697 shares in the Company with a nominal value of 5p per share were bought back for an aggregate consideration of £3.4m at an average price of 140.6 per share (representing 2.6% of the shares in issue at 31 January 2020). Since the year end, 521,876 shares have been bought back for an aggregate consideration of £0.7m at an average price of 141.6p 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 11,695,750 shares.

Directors' Report (continued)

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 the voting rights attaching to the Company's shares or the transfer of securities in the Company.

Annual General Meeting

As set out in the Chairman's Statement, the Company will send out a separate Notice of AGM. It is currently intended that the AGM will take place in June 2020 in Edinburgh.

Authority to Allot Shares

Authority will be sought at the upcoming AGM of the Company that the directors be authorised pursuant to Section 551 of the Companies Act 2006 to allot relevant securities up to a maximum aggregate nominal value of £1,500,000.

Continuation of the Company as a venture capital trust

As required under the Articles it is proposed that the Company continue in being as a venture capital trust. An ordinary resolution proposing the continuation of the Company will be put to shareholders at the upcoming AGM.

Substantial Shareholdings

	31 January 2020		As at the date of this report	
	No of ordinary shares held	% of shares in issue	No of ordinary shares held	% of shares in issue
Hargreaves Lansdown (Nominees) Limited	5,017,546	5%	5,418,517	5%

Auditor

A resolution to re-appoint BDO LLP as auditor will be proposed at the forthcoming AGM.

Re-election of Directors

In accordance with The AIC Code of Corporate Governance, all directors are proposed for re-election at the upcoming AGM.

Going Concern

In accordance with FRC Guidance for directors on going concern and liquidity risk the directors have assessed the prospects of the Company having adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. 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 non-qualifying 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 20 and 21. As a consequence, the directors have a reasonable expectation that the Company has sufficient cash and liquid investments to continue to operate and that together with funds raised after the end of the financial year under the new offer the Company is well placed to manage its business risks successfully and meet its liabilities as they fall due. Thus the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Accountability and Audit

The independent auditor's report is set out on pages 40 to 44 of this report. The directors who were in office on the date of approval of these Annual Report and Financial Statements have confirmed that, as far as they were aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Financial Instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. Further details, including details about risk management, are set out in the Strategic Report and in notes 15 to 19 on pages 61 to 63.

Future Developments

Significant events which have occurred after the year end are detailed in note 21 on page 64. 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

Peter A. Lawrence
Chairman

14 April 2020

Statement of Corporate Governance

Background

The Board of Amati AIM VCT plc recognises the importance of sound corporate governance. The Board has considered the principles and recommendations of the 2019 AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses the principles and meets the obligations of the Company under the UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company as a venture capital trust. The Board considers that reporting within the principles and recommendations of the AIC Code will provide better, more relevant information for shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code except as set out below. 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 four 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 contract of service with the Company. All of the directors have been provided with letters of appointment which are available for inspection by shareholders immediately before and after the Company's annual general meeting.

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

The AIC Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. This is achieved by an investment management agreement between the Company and the Manager, which sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters including strategy, investment and dividend policies, gearing and corporate governance proceedings are reserved for the approval of the Board of directors. All the directors are equally responsible for the proper conduct of the Company's affairs. In addition, the directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered. The Chairman and the company secretary establish the agenda for each Board meeting. The necessary papers for each meeting are distributed well in advance of each meeting ensuring all directors receive accurate, timely and clear information.

Independence of Directors

The Board regularly reviews the independence of each director and of the Board as a whole in accordance with the guidelines in the AIC Code. Directors' interests are noted at the start of each Board meeting and any director would not participate in the discussion concerning any investment in which he or she had an interest. The Board does not consider that length of service will necessarily compromise the independence or effectiveness of directors and no limit has been placed on the overall length of service. 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. Due to the size of the Company, the fact that all directors are independent and non-executive, and the costs involved, external facilitators are not used in evaluation of the Board. The directors consider 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 adequate for the effective governance of the Company. The biographies of the directors set out on page 26 demonstrate the wide range of investment, commercial and professional experience and diversity of experience and background that they contribute.

Board Committees

Copies of the terms of reference of the Company's committees are available from the company secretary and can be found on Amati's website: http://amatiglobal.com/amat_the_board.php

Report of the Audit Committee

The audit committee comprises Brian Scouler (chairman), Julia Henderson, Peter Lawrence and Susannah Nicklin. The Board is satisfied that the committee as a whole has competence relevant to the venture capital trust sector and the requisite skills and experience to fulfil the responsibilities of the audit committee and that the chair of the committee meets the requirements of the AIC Code as to recent and relevant financial experience.

During the year ended 31 January 2020 the audit committee met twice 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;
- approved the external auditor's plan and fees;
- received a report from the external auditors following their detailed audit work, and discussed key issues arising from that work; and
- reviewed its own terms of reference.

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:

- compliance with HM Revenue & Customs to maintain the Company's VCT status;
- valuation of investments; and
- national or global events that cause markets to decline.

These matters are monitored regularly by the Manager, and 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 committee concluded:

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 19.

Valuation of investments – the Manager confirmed to the audit committee that the basis of valuation for quoted and unquoted companies was consistent with the prior year and in accordance with published industry guidelines. The valuation of quoted companies on AIM or those with a full listing is generally based on bid prices, and for investments traded on SETS (London Stock Exchange's electronic trading services) is based on the last traded price. The valuation of unquoted companies takes account of the latest available information about investee companies and current market data. A comprehensive report on the valuation of unquoted investments is presented and discussed at every Board meeting; directors are also consulted about material changes to those valuations between Board meetings.

Market decline sparked by national or global events – black swan events such as the recent coronavirus outbreak cannot be predicted but can have an effect on markets. The Manager's approach to dealing with any market adjustment is to be as diversified as possible so as to not overly suffer from a decline in a particular sector. As the sector graph on page 16 shows, the VCT's investments are spread across nine sectors. The audit committee is satisfied that the Manager considers risk appropriately in its investment decision making process.

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.

The audit committee has managed the relationship with the external 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 does not provide any non-audit services to the Company and the audit committee must approve the appointment of the external auditor for any non-audit services. BDO LLP and prior to their merger PKF (UK) LLP has held office as auditor for a total of 10 years. Public interest entities are required to put the external audit contract out to tender at least every ten years. On 26 March 2020 the Financial Reporting Council, Financial Conduct Authority and Prudential Regulation Authority issued a COVID-19 Joint Statement that, among other things designed to allow companies to focus on delivery of information to investors and capital markets, allows and indeed encourages the postponement of auditor tenders. The directors are of the view that an auditor tender process could not be carried out satisfactorily in the current restrictions and would detract from the focus on the Company's performance in the midst of the current market upheaval. They have therefore decided to delay the auditor tender until year ending 31 January 2022. Notwithstanding, because auditors are permitted to act in that role for a maximum period of twenty years in accordance with professional guidelines the engagement partner is rotated after at most five years, and the current partner started working with the Company for the 31 January 2016 audit. A new engagement partner will therefore be appointed through the course of the year to 31 January 2021.

Following the review as noted above the audit committee is satisfied with the performance of BDO LLP and recommends the services of BDO LLP to the shareholders in view both of that performance and the firm's extensive experience in auditing Venture Capital Trusts.

Remuneration Committee

The remuneration committee comprises Susannah Nicklin (chairman), Julia Henderson, Peter Lawrence and Brian Scouler, the committee met once during the year to discuss fees payable to advisers (other than the Company's auditors), terms of appointment and remuneration of the directors and made recommendations to the Board. The remuneration committee's annual report can be found on pages 36 to 39 of this report.

Nomination Committee

The nomination committee comprises Julia Henderson (chairman), Peter Lawrence, Susannah Nicklin and Brian Scouler, the committee met once during the year, to make recommendations to the Board on Board structure, size and composition (including the knowledge, experience, skills and diversity). The nomination committee considers succession planning at each meeting, particularly in relation to the positions of the Chairman and the chairman of the audit committee.

The Board has considered the recommendations of the UK Corporate Governance Code concerning gender diversity and welcomes initiatives aimed at increasing diversity generally. The Board believes, however, that all appointments should be made on merit rather than positive discrimination. The Board is clear that maintaining an appropriate balance round the board table through a diverse mix of skills, experience, knowledge 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, including gender.

Board and Committee Meetings

The following table sets out the directors' attendance at full Board and audit committee meetings held during the year ended 31 January 2020.

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

* Mike Killingley retired from the Board on 26 June 2019.

The Board is in regular contact with the Manager between Board meetings.

Internal Control

The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. In accordance with the AIC Code and the Guidance on Risk Management published by the Financial Reporting Council in 2014, the audit committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature only provide reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the results and investment performance.

The Board has delegated contractually to third parties, as set out on page 19, the management of the investment portfolio, the custodial services, including the safeguarding of the assets, the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the investment management agreement with the Manager.

A bi-annual review of the control systems is carried out which covers consideration of the key risks in three major areas: corporate strategy and compliance with laws and regulations; financial management and company reporting and relationships with service providers. Each risk is considered with regard to the controls exercised at Board level, reporting by service providers and controls relied upon by the Board. The company secretary reviews the annual statutory accounts to ensure compliance with Companies Acts 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.

Relations with Shareholders

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

The directors have always encouraged shareholder attendance at the AGM. However, given the circumstances surrounding the current global COVID-19 pandemic the key concern of the Board is the safety and wellbeing of shareholders and other attendees at the AGM. The Board and its advisers are monitoring Government guidance and carefully considering all options. The Company will send out a separate Notice of AGM to shareholders.

The Company also communicates with shareholders through annual and half-yearly reports, which appear on the Company's website (http://amatiglobal.com/amat_literature.php). The Board as a whole approves the terms of the Chairman's Statement and Fund Manager's Review which form part of these reports. 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.

On behalf of the Board

Peter A. Lawrence
Chairman

14 April 2020

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for the Company for that year.

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 applicable UK accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Company financial statements, Article 4 of the International Accounting Standards Regulation. 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 Company's position, 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, this website is maintained by the Manager on behalf of the Company. 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 which have been prepared in accordance with UK Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- 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 they face.

On behalf of the Board

Peter A. Lawrence
Chairman

14 April 2020

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"). Ordinary resolutions for the approval of the Directors' Remuneration Policy and the Directors' Annual Report on remuneration will be put to members at the upcoming AGM.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. The auditor's opinion on these and other matters is included in the Independent Auditor's Report on pages 40 to 44.

Annual Statement from the Chairman of the Company

Directors' fees are reviewed annually and are set by the Board to attract individuals with the appropriate range of skills and experience. In determining the level of fees their duties and responsibilities are considered, together with the level of time commitment required in preparing for and attending meetings. The remit of the remuneration committee regarding remuneration is included in the Statement of Corporate Governance on page 32. The Board, on the recommendation of the remuneration committee, last agreed to increase annual fees with effect from 4 May 2019 when directors' fees were increased to £22,440 per annum and the Chairman's fee to £24,812 per annum.

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 2017 and will next be voted on by the members at this year's AGM.

The Company's Articles of Association provide for a maximum level of total remuneration of £120,000 per annum in aggregate.

Directors' Annual Report on Remuneration

Terms of appointment

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

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

Director	Date of original appointment	Due date for re-election
Peter Lawrence	4 May 2018	2020 AGM
Julia Henderson	4 May 2018	2020 AGM
Susannah Nicklin	4 May 2016	2020 AGM
Brian Scouler	4 May 2018	2020 AGM

Directors' fees for the year (Audited)

The fees payable to individual directors in respect of the year ended 31 January 2020 are shown in the table below.

Director	Total fee for year ended 31 January 2020 £	Total fee for year ended 31 January 2019 £
Peter Lawrence*	**24,651**	18,125
Julian Avery*	-	6,235
Julia Henderson*	**22,295**	16,395
Mike Killingley**	**9,131**	21,365
Susannah Nicklin	**22,295**	20,710
Brian Scouler*	**22,295**	16,395
	100,667	99,225

* Peter Lawrence, Julia Henderson and Brian Scouler were appointed, and Julian Avery retired from the Board, on 4 May 2018.
** Mike Killingley retired from the board on 26 June 2019.

Directors are remunerated exclusively by fixed fees and do not receive bonuses, share options, long term incentives, pension or other benefits. There is no comparative information in respect of employee remuneration as the Company has no employees.

Relative importance of spend on pay

The table below shows the remuneration paid to directors and shareholder distributions in the year to 31 January 2020 and the prior year:

	2020 £	2019 £	Percentage increase/ (decrease)
Total dividend paid to shareholders	**6,664,751**	7,218,163	(7.67)
Total repurchase of own shares	**3,375,680**	2,789,542	21.01
Total directors' fees	**100,667**	99,225	1.45

Directors' Remuneration Report (continued)

Directors' shareholdings (Audited)

The directors who held office at 31 January 2020 and their interests in the shares of the Company (including beneficial and family interests) were:

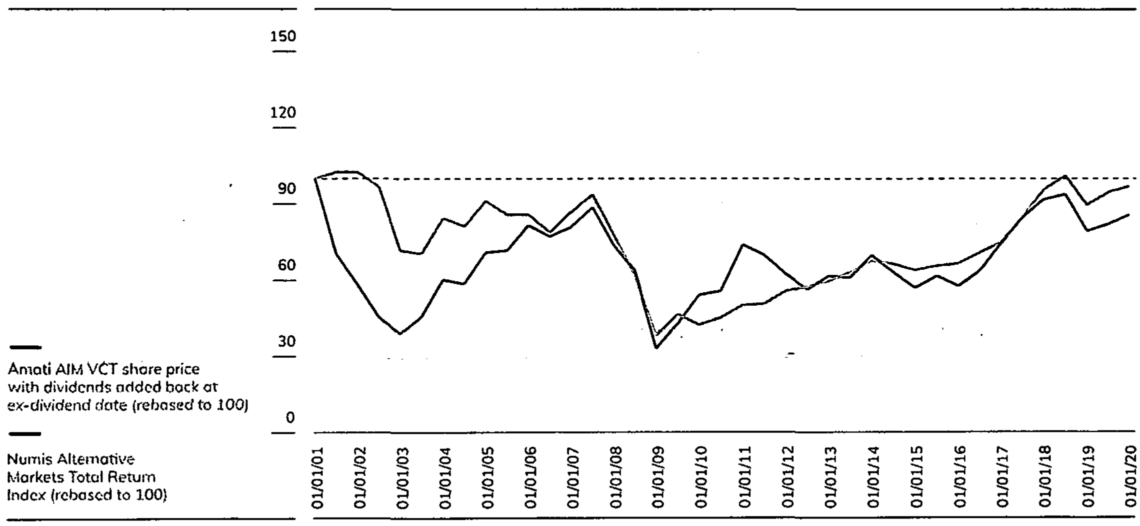
	31 January 2020		31 January 2019	
	Shares held	% of issued share capital	Shares held	% of issued share capital
Peter Lawrence	**726,755**	**0.77**	641,420	0.75
Julia Henderson	**13,958**	**0.01**	13,295	0.02
Susannah Nicklin	**14,558**	**0.02**	8,531	0.01
Brian Scouler	**42,289**	**0.04**	40,280	0.05

Subsequent to the Company's year end Julia Henderson bought 3,110 shares, Susannah Nicklin's beneficial interest increased by 3,035 shares and Brian Scouler bought 7,973 shares under the Offer.

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



Shareholder Voting

At the AGM held on 26 June 2019 82.3% of shareholders voted for, 17.7% voted against and 121,971 shares were withheld in respect of the resolution approving the Directors' Remuneration Report. At the AGM held on 28 June 2017, 97.7% of shareholders voted for the Remuneration Policy with 2.3% voting against and 25,689 shares withheld. Ordinary resolutions for the approval of the Directors Remuneration Policy and the Directors' Annual Report on Remuneration will be put to shareholders at the forthcoming AGM.

On behalf of the Board

Peter A. Lawrence
Chairman

14 April 2020

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

Opinion

We have audited the financial statements of Amati AIM VCT plc (the 'Company') for the year ended 31 January 2020 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2020 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

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

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

Key audit matters

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

Key audit matter	How we addressed the key audit matter
Valuation and ownership of investments (Note 1 and 8 to the financial statements) Investments represent the most significant balance in the financial statements, there is a potential risk that the company has not appropriate confirmation of title over investments. The Investment Manager is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations due to errors in the calculations.	We responded to this matter by testing the valuation and ownership of the portfolio of investments. We performed the following procedures: In respect of quoted investment valuations (over 99% of the total portfolio by value) we have: • Confirmed the year-end bid price was used by agreeing all quoted investments to externally quoted prices • For a sample of investments, assessed if there were contra indicators, such as liquidity considerations from reviewing trading volumes, to suggest bid price is not the most appropriate indication of fair value. • Obtained direct confirmation from the custodian regarding all of investments held at the balance sheet date. In respect of unquoted investment valuations (less than 1% of the total portfolio) we have: • Obtained direct confirmation from the custodian at the balance sheet date. • Confirmed the assumptions and underlying evidence supporting the year end valuations are in line with UK GAAP and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. • Considered the economic environment in which the company operates to identify factors that could impact the investment valuation.

Our application of materiality

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

Importantly, misstatements below this level 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.

The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below. In setting materiality, we had regard to the nature and disposition of the investment portfolio.

Materiality measure	Purpose	Key considerations and benchmarks	2020 Quantum (£)	2019 Quantum (£)
Financial Statement Materiality 2% value of investments	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for shareholders.	• The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuation	1,310,000	1,130,000
Performance Materiality 75% of materiality	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	• Financial statement materiality • Risk and control environment • History of prior errors	982,000	850,000

We have set a lower testing threshold for those items impacting revenue return of £277,000 (2019: 230,000) which is based on 10% of total expenses.

We agreed with the Audit Committee that we would report to the committee all audit differences in excess of £26,000 (2018: £23,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

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

How the audit was considered capable of detecting irregularities, including fraud

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

We designed audit procedures 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.

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

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- review of minutes of board meetings throughout the period;
- we made enquiries of the existence of legal invoice and correspondence in the period and reviewed any that were applicable;
- review of VCT compliance workings and reports;
- enquiries and representations of management and the Board of Directors;
- agreement of the financial statement disclosures to underlying supporting documentation; and
- Multi-tier review of the financial statements against disclosure checklists.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of directors to audit the financial statements for the year ending 31 January 2021 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ending 31 January 2011 to 31 January 2020 and as such a mandatory competitive tender would usually be required for the year ending 31 January 2021. However on 26 March 2020 the Financial Reporting Council, Financial Conduct Authority and Prudential Regulation Authority issued a COVID-19 Joint Statement that, among other things is designed to allow companies to focus on the delivery of information to investors and capital markets and allows the postponement of auditor tenders. The directors have therefore decided to delay the audit tender to the year ending 31 January 2022.

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

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

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

V J Bradley

Vanessa-Jayne Bradley
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London
United Kingdom

14 April 2020

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

Income Statement
for the year ended 31 January 2020

	Note	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Gain/(loss) on investments	8	**-**	**17,525**	**17,525**	-	(14,939)	(14,939)
Income	2	**767**	**-**	**767**	596	-	596
Investment management fees	3	**(582)**	**(1,746)**	**(2,328)**	(488)	(1,464)	(1,952)
Other expenses	4	**(448)**	**-**	**(448)**	(376)	-	(376)
(Loss)/profit on ordinary activities before taxation		**(263)**	**15,779**	**15,516**	(268)	(16,403)	(16,671)
Taxation on ordinary activities	5	**-**	**-**	**-**	-	-	-
(Loss)/profit and total comprehensive income attributable to shareholders		**(263)**	**15,779**	**15,516**	(268)	(16,403)	(16,671)
Basic and diluted (loss)/earnings per ordinary share	7	**(0.29)p**	**17.63p**	**17.34p**	(0.38)p	(22.90)p	(23.28)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 50 to 64 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 January 2020

			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 2019	4,278	10,571	425	509	18,867
Profit/(loss) and total comprehensive income for the year	-	-	-	-	16,895
Contributions by and distributions to shareholders:					
Repurchase of shares	(120)	-	-	120	-
Shares issued	545	15,605	-	-	-
Other costs charged to capital	-	(92)	-	-	-
Dividends paid	-	-	-	-	-
Total contributions by and distributions to shareholders	425	15,513	-	120	-
Closing balance as at 31 January 2020	**4,703**	**26,084**	**425**	**629**	**35,762**

for the year ended 31 January 2019

			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 2018	1,804	19,359	425	418	33,359
Loss and total comprehensive income for the year	-	-	-	-	(14,492)
Contributions by and distributions to shareholders:					
Repurchase of shares	(91)	-	-	91	-
Shares issued	503	17,278	-	-	-
Shares issued as part of the merger	2,062	70,688	-	-	-
Merger costs	-	(357)	-	-	-
Other costs charged to capital	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cancellation of share premium	-	(96,397)	-	-	-
Total contributions by and distributions to shareholders	2,474	(8,788)	-	91	-
Closing balance as at 31 January 2019	**4,278**	**10,571**	**425**	**509**	**18,867**

The accompanying notes on pages 50 to 64 are an integral part of these financial statements.

	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
		Distributable reserves		
	96,718	(5,984)	(395)	124,989
	-	(1,116)	(263)	15,516
	(3,376)	-	-	(3,376)
	-	-	-	16,150
	(198)	-	-	(290)
	(6,665)	-	-	(6,665)
	(10,239)	-	-	5,819
	86,479	**(7,100)**	**(658)**	**146,324**

	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
		Distributable reserves		
	10,386	(4,073)	(127)	61,551
	-	(1,911)	(268)	(16,671)
	(2,790)	-	-	(2,790)
	-	-	-	17,781
	-	-	-	72,750
	(56)	-	-	(413)
	(1)	-	-	(1)
	(7,218)	-	-	(7,218)
	96,397	-	-	-
	86,332	-	-	80,109
	96,718	**(5,984)**	**(395)**	**124,989**

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Balance Sheet

as at 31 January 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value	8	**131,954**	112,867
Current assets			
Debtors	9	**273**	38
Cash at bank		**15,091**	12,756
Total current assets		**15,364**	12,794
Current liabilities			
Creditors: amounts falling due within one year	10	**(994)**	(672)
Net current assets		**14,370**	12,122
Total assets less current liabilities		**146,324**	124,989
Capital and reserves			
Called up share capital*	11	**4,703**	4,278
Share premium account*		**26,084**	10,571
Merger reserve*		**425**	425
Capital redemption reserve*		**629**	509
Capital reserve (non-distributable)*		**35,762**	18,867
Special reserve		**86,479**	96,718
Capital reserve (distributable)		**(7,100)**	(5,984)
Revenue reserve		**(658)**	(395)
Equity shareholders' funds		**146,324**	124,989
Net asset value per share	12	**155.6p**	146.1p

The financial statements on pages 45 to 64 were approved and authorised for issue by the Board of directors on 14 April 2020 and were signed on its behalf by

Peter A. Lawrence
Chairman

Company Number 04138683

The accompanying notes on pages 50 to 64 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 January 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Investment income received		**757**	585
Investment management fees	3	**(2,239)**	(1,686)
Other operating costs		**(444)**	(398)
Net cash outflow from operating activities		**(1,926)**	(1,499)
Cash flows from investing activities			
Purchases of investments		**(11,104)**	(12,832)
Disposals of investments		**9,329**	6,692
Net cash outflow from investing activities		**(1,775)**	(6,140)
Net cash outflow before financing		**(3,701)**	(7,639)
Cash flows from financing activities			
Cash received as part of asset acquisition of Amati VCT		**-**	9,462
Net cash paid in respect of assets and liabilities of Amati VCT		**(4)**	(101)
Merger costs of the Company		**(14)**	(413)
Net proceeds of share issues		**15,874**	18,630
Payments for share buy-backs		**(3,155)**	(2,788)
Equity dividends paid	6	**(6,665)**	(7,218)
Net cash inflow from financing activities		**6,036**	17,572
Increase in cash		**2,335**	9,933
Reconciliation of net cash flow to movement in net cash			
Increase in cash during the year		**2,335**	9,933
Net cash at 1 February		**12,756**	2,823
Net cash at 31 January		**15,091**	12,756
Reconciliation of Profit/(Loss) on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities			
Profit/(loss) on ordinary activities before taxation		**15,516**	(16,671)
Net (gain)/loss on investments		**(17,525)**	14,939
Increase in creditors, excluding corporation tax payable		**105**	257
Increase in debtors		**(22)**	(24)
Net cash outflow from operating activities		**(1,926)**	(1,499)

The accompanying notes on pages 50 to 64 are an integral part of these financial statements.

Notes to the Financial Statements

1 Accounting Policies

Basis of Accounting

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

Basis of Preparation

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

Going Concern

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

The directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for 12 months from the date these financial statements were approved. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon 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, debt and investment commitments (of which there are none of significance). Therefore, the accounts 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 investments at fair value through profit or loss (see notes 8 and 14 on pages 57 and 59 respectively). The Company values investments by following the International Private Equity Venture Capital Valuation ("IPEV") guidelines.

Income

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

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

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

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

Expenses

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

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

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

Taxation

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

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

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

Investments

Upon initial recognition, the investments held by the Company, are classified 'at fair value through profit or loss' and are measured at subsequent reporting dates at fair value. Realised and unrealised surpluses or deficits on the disposal of investments, the revaluation of investments and permanent impairments in the value of investments are taken to the capital reserve.

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

Fair values for unquoted investments, or for investments for which the market is inactive, are established by using various valuation techniques in accordance with IPEV guidelines. These are constantly monitored for value and impairment. The values and impairment, if any, are approved by the Board.

- the shares may be valued by using the most appropriate methodology recommended by the IPEV guidelines, including earnings multiples, net assets, discounted cashflows and industry valuation benchmarks; and
- alternatively where a value is indicated by a material arms-length transaction by a third party in the shares of the company the valuation will normally be based on this.

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.

1 Accounting Policies (continued)

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

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

Financial Instruments

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

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

Cash and Cash Equivalents

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

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

Foreign Currency

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

Short-term Debtors and Creditors

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

Dividends Payable

Dividends are included in the financial statements on the date on which they are declared, or, in the case of final dividends, when they are approved by shareholders.

Share Premium

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

Merger Reserve

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

Capital Redemption Reserve

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

Special Reserve

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

Capital Reserve

The following are taken to the capital reserve:

- gains and losses on the disposal of investments;
- increase and decrease in the value of investments held at the year end; and
- expenses allocated to this reserve in accordance with the above policies

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 2020 £'000	Year to 31 January 2019 £'000
Income:		
Dividends from UK companies	**718**	571
Interest from deposits	**49**	25
	767	596

Notes to the Financial Statements (continued)

3 Management Fees

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

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

The investment management fee for the year was as follows:

	Year to 31 January 2020 £'000	Year to 31 January 2019 £'000
Due to the Manager by the Company at 1 February	**526**	260
Investment management fee charged to revenue and capital for the year	**2,328**	1,952
Fee paid to the Manager during the year	**(2,239)**	(1,686)
Due to the Manager by the Company at 31 January	**615**	526

In addition to the investment management fee the Manager also receives a secretarial and administration fee of £93,000 (2019: £82,000) paid quarterly in arrears. As detailed in Fund Management and Key Contracts on page 19, the original investment management agreement from 2010 was revised and updated in two separate agreements on 30 September 2019, a IMA and a FASSFAA. The FASSFAA's updated fee level allowed for the costs incurred by the Manager for fund administration, secretarial services and fund accounting to be fully recovered from the Company where they had not been previously. The fee level in the FASSFAA is subject to an annual increase in line with the retail prices index. See note 4.

No performance fee is payable in respect of the year ended 31 January 2020 or the year ended 31 January 2019 as the Manager has waived all performance fees from 31 July 2014 onwards.

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

4 Other Expenses

	Year to 31 January 2020 £'000	Year to 31 January 2019 £'000
Directors' remuneration	**101**	99
Directors' employer's national insurance	**6**	5
Directors' expenses	**3**	4
Auditor's remuneration – audit of statutory financial statements	**24**	24
Administration and secretarial services	**93**	82
Other expenses	**221**	162
	448	376

The Company has no employees other than directors, they are therefore the only key management personnel.

Details of directors' remuneration are provided in the audited section of the directors' remuneration report on page 37.

5 Tax on Ordinary Activities

5a Analysis of charge for the year

	Year to 31 January 2020 £'000	Year to 31 January 2019 £'000
Charge for the year	-	-

5b Factors affecting the tax charge for the year

	Year to 31 January 2020 £'000	Year to 31 January 2019 £'000
Profit/(loss) on ordinary activities before taxation	**15,516**	(16,671)
Corporation tax at standard rate of 19% (2019: 19%)	**2,948**	(3,167)
Effect of:		
Non-taxable dividends	**(136)**	(109)
Non-taxable (gains/)losses on investments	**(3,330)**	2,838
Movement in excess management expenses	**518**	438
Tax charge for the year (note 5a)	-	-

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

No deferred tax asset has been recognised on surplus management expenses carried forward as it is not envisaged that any such tax will be recovered in the foreseeable future. The amount of unrecognised deferred tax asset is £2,611,000 (31 January 2019: £2,147,000).

6 Dividends

Amounts recognised as distributions to equity holders during the year:

	2020 Revenue £'000	2020 Capital £'000	2019 Revenue £'000	2019 Capital £'000
Second interim dividend for the year ended 31 January 2018 of 5.25p per ordinary share paid on 27 July 2018	-	-	-	4,223
Interim dividend for the year ended 31 January 2019 of 3.50p per ordinary share paid on 23 November 2018	-	-	-	2,995
Final dividend for the year ended 31 January 2019 of 4.0p per ordinary share paid on 26 July 2019	-	**3,563**	-	-
Interim dividend for the year ended 31 January 2020 of 3.50p per ordinary share paid on 22 November 2019	-	**3,102**	-	-
	-	**6,665**	-	7,218

Notes to the Financial Statements (continued)

6 Dividends (continued)

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

	2020 Revenue £'000	2020 Capital £'000	2019 Revenue £'000	2019 Capital £'000
Interim dividend for the year ended 31 January 2020 of 3.50p per ordinary share (2019: 3.50p)	-	**3,102**	-	2,995
Final dividend for the year ended 31 January 2019 of 4.0p per ordinary share	-	-	-	3,563
Declared second interim dividend for the year ended 31 January 2020 of 4.25p per ordinary share (2019: nil)*	-	**4,406**	-	-
	-	**7,508**	-	6,558

* Based on shares in issue on 14 April 2020. The payment of a second interim dividend will, as always, be subject to ensuring that the Company has sufficient distributable reserves at the time of payment."

7 Earnings per Share

	2020			2019		
	Net(loss) /profit £'000	Weighted average shares	Basic and diluted Earnings per share pence	Net(loss)/ profit £'000	Weighted average shares	Basic and diluted Earnings per share pence
Revenue	**(263)**	**89,499,311**	**(0.29)p**	(268)	71,619,496	(0.38)p
Capital	**15,779**	**89,499,311**	**17.63p**	(16,403)	71,619,496	(22.90)p
Total	**15,516**	**89,499,311**	**17.34p**	(16,671)	71,619,496	(23.28)p

8 Investments

	Level 1* £'000	Level 2* £'000	Level 3* £'000	Total £'000
Opening cost as at 1 February 2019	92,729	-	2,353	95,082
Opening investment holding gains/(losses)	20,306	-	(1,439)	18,867
Opening unrealised loss recognised in realised reserve	(296)	-	(786)	(1,082)
Opening fair value as at 1 February 2019	**112,739**	-	**128**	**112,867**
Analysis of transactions during the year:				
Purchases at cost	11,104	-	-	11,104
Sales proceeds received	(9,289)	-	(253)**	(9,542)
Realised gains on sales	888	-	116	1,004
Unrealised gains on investments	16,045	-	476	16,521
Closing fair value as at 31 January 2020	**131,487**	-	**467**	**131,954**
Closing cost as at 31 January 2020	95,106	-	2,100	97,206
Closing investment holding gains/(losses) as at 31 January 2020	36,609	-	(847)	35,762
Closing unrealised loss recognised in realised reserve as at 31 January 2020	(228)	-	(786)	(1,014)
Closing fair value as at 31 January 2020	**131,487**	-	**467**	**131,954**
Equity shares	131,487	-	81	131,568
Preference shares	-	-	47	47
CVRs	-	-	339	339
Closing fair value as at 31 January 2020	**131,487**	-	**467**	**131,954**

* Refer to note 14 for definitions

** Partial repayment of China Food Company plc Loan Notes held at nil value.

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

The Company received £9,542,000 (2019: £6,692,000) from the sale of investments in the year. The bookcost of these investments when they were purchased was £8,981,000 (2019: £7,322,000). 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.

	2020 £'000	2019 £'000
Realised gains/(losses) on disposal	**1,004**	(4,625)
Unrealised gains/(losses) on investments during the year	**16,521**	(10,314)
Net gain/(loss) on investments	**17,525**	(14,939)

Transaction Costs

During the year the Company incurred transaction costs of £nil (31 January 2019: £nil) and £7,000 (31 January 2019: £7,000) on purchases and sales of investments respectively. These amounts are included in the gain on investments as disclosed in the income statement.

Notes to the Financial Statements (continued)

9 Debtors

	2020 £'000	2019 £'000
Receivable for investments sold	**213**	-
Prepayments and accrued income	**60**	38
	273	38

10 Creditors: Amounts Falling due within One Year

	2020 £'000	2019 £'000
Payable for share buy-backs	**279**	59
Other creditors	**715**	613
	994	672

11 Called Up Share Capital

Ordinary shares (5p shares)	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, issued and fully paid at 1 February	**85,549,682**	**4,278**	36,057,095	1,804
Issued during the year	**10,890,027**	**545**	10,053,218	503
Issued in respect of merger	**-**	**-**	41,231,436	2,062
Repurchase of own shares for cancellation	**(2,400,697)**	**(120)**	(1,792,067)	(91)
At 31 January	**94,039,012**	**4,703**	85,549,682	4,278

During the year a total of 2,400,697 ordinary shares of 5p each were purchased by the Company at an average price of 140.61p per share.

Further details of the Company's share capital and associated rights are shown in the Directors' Report on pages 27 and 28.

12 Net Asset Value per Ordinary Share

	2020			2019		
	Net assets £'000	Ordinary shares	NAV per share pence	Net assets £'000	Ordinary shares	NAV per share pence
Ordinary share	**146,324**	**94,039,012**	**155.6**	124,989	85,549,682	146.1

13 Significant Interests

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

	Nominal	% held
Block Energy plc	51,136,000	13.0%
MaxCyte, Inc.	685,000	11.5%
Falanx Group Limited	45,000,000	11.2%
Polarean Imaging plc	12,460,318	10.9%
i-nexus Global plc	3,164,557	10.7%
Ixico plc	5,031,300	10.7%
Velocys plc	66,666,666	10.4%
Hardide plc	4,521,963	8.5%
Rosslyn Data Technologies plc	15,774,692	8.2%
Sosandar plc	12,480,000	7.7%
Fusion Antibodies plc	1,341,463	6.1%
Byotrol plc	25,000,001	5.8%
Water Intelligence plc	814,660	4.8%
Universe Group plc	11,956,199	4.6%
Tristel plc	1,844,048	4.1%
Intelligent Ultrasound plc	8,250,000	3.8%
Bilby plc	2,155,010	3.7%
Velocity Composites plc	1,150,294	3.2%

14 Financial Instruments

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

14 Financial Instruments (continued)

Classification of financial instruments

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

	2020 Book value £'000	2020 Fair value £'000	2019 Book value £'000	2019 Fair value £'000
Assets at fair value through profit or loss				
Investments	**131,954**	**131,954**	112,867	112,867
Assets measured at amortised cost:				
Receivable for investments sold	**213**	**213**	-	-
Accrued income and other debtors	**60**	**60**	38	38
Cash at bank	**15,091**	**15,091**	12,756	12,756
Liabilities (amounts due within one year) measured at amortised cost:				
Payable for investments bought	**(279)**	**(279)**	(59)	(59)
Accrued expenses	**(715)**	**(715)**	(613)	(613)
Total for financial instruments	**146,324**	**146,324**	124,989	124,989

Investments (see note 8) are measured at fair value. For quoted securities this is generally the bid price or, in the case of SETS securities, the last traded price. As explained in note 1, unquoted investments are valued in accordance with the IPEV guidelines. Changing one or more inputs for level 3 assets would not have a significant impact on the valuation. For example, earnings multiple calculations are used to value some unquoted equity holdings. These multiples are derived from a basket of comparable quoted companies, with appropriate discounts applied. These discounts are subjective and based on the Manager's experience. In respect of unquoted investments, these are valued by the directors using rules consistent with IPEV guidelines. Investments in TB Amati UK Smaller Companies Fund are based on the published fund mid price NAV. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

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

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

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

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

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

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

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

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

Financial assets at fair value

	Year ended 31 January 2020 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Year ended 31 January 2019 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity shares	131,487	-	81	131,568	112,739	-	81	112,820
Preference shares	-	-	47	47	-	-	47	47
CVRs	-	-	339	339	-	-	-	-
	131,487	-	467	131,954	112,739	-	128	112,867

Level 3 financial assets at fair value

	Year ended 31 January 2020 Equity shares £'000	Preference shares £'000	Loan stock £'000	CVR £'000	Total £'000	Year ended 31 January 2019 Equity shares £'000	Preference shares £'000	Loan stock £'000	Total £'000
Opening balance at 1 February	81	47	-	-	128	398	47	-	445
Disposal proceeds	-	-	(253)	-	(253)	-	-	(279)	(279)
Total net gains/(losses) recognised in the income statement	-	-	253	339	592	(317)	-	279	(38)
Closing balance at 31 January	81	47	-	339	467	81	47	-	128

15 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 in the face of market uncertainty.

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

Details of the Company's investments at the balance sheet date are disclosed in the Investment Portfolio on pages 14 and 15. FRS 102 requires the directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions.

As at 31 January 2020 99.65% (31 January 2019: 99.89%) of the Company's investments are traded. A 30% decrease in stock prices as at 31 January 2020 would have decreased the net assets attributable to the Company's shareholders and reduced profit for the year by £39,446,000 (31 January 2019: £33,822,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and increased the profit for the year by an equal amount.

15 Market Risk (continued)

As at 31 January 2020 0.35% (31 January 2019: 0.11%) of the Company's investments are in unquoted companies held at fair value. A 30% decrease in the valuations of unquoted investments at 31 January 2020 would have decreased the net assets attributable to the Company's shareholders and reduced profit for the year by £140,000 (31 January 2019: £38,000); an equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and increased the profit for the year by an equal amount.

16 Interest Rate Risk

Fixed rate

Three of the Company's financial assets are interest bearing at a fixed rate, no assets have a floating interest rate, all other assets are non-interest bearing. As a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates, however the impact of a reasonable movement in interest rates would not be significant to the net assets and (loss)/profit for the year.

The total current market value of these stocks is £nil (31 January 2019: £nil), the weighted average interest rate is nil% (31 January 2019: nil%) and the average period to maturity is 0 years (31 January 2019: 0 years).

Details of the Company's investments at the balance sheet date are provided on pages 14 and 15.

17 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At 31 January 2020, the financial assets exposed to credit risk, representing convertible loan stock instruments, amounts due from brokers, accrued income and cash amounted to £15,329,000 (31 January 2019: £12,771,000). The convertible loans in China Food Company plc and Sorbic International plc are secured over the buildings and land use rights of the companies.

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

All the assets of the Company which are tradeable on AIM are held by 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 2020, cash held by the Company was held by The Bank of New York and UBS. 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.

There were no significant concentrations of credit risk to counterparties at 31 January 2020 or 31 January 2019.

18 Liquidity Risk

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

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described in the Strategic Report on pages 20 and 21. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2020, these investments were valued at £89,823,000 (31 January 2019: £64,540,000). The directors consider that frequently traded AIM investments with a market capitalisation of greater than £200m represent readily realisable securities.

19 Currency Risk

The Company's financial instruments include some investments which are denominated in USD and converted to pounds sterling. At 31 January 2020, the financial assets exposed to currency risk amounted to £466,500 (31 January 2019: £128,000). The USD exchange rate at 31 January 2020 is $1.3183 : £1.

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 70% by value of its investments in VCT qualifying holdings (80% for accounting periods beginning on or after 6 April 2019), which are relatively high risk UK smaller companies. In addition at least 30% of new money raised during an accounting period must be invested in qualifying holdings within 12 months of the end of the financial year in which the funds are raised In satisfying these requirements, the Company's capital management scope is restricted. The Company does have the option of maintaining or adjusting its capital structure by varying dividends, returning capital to shareholders, issuing new shares or selling assets to maintain a certain level of liquidity. There has been no change in the objectives, policies or processes for managing capital from the previous year.

The structure of the Company's capital is described in note 11 and details of the Company's reserves are shown in the Statement of Changes in Equity on pages 46 and 47.

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.

Notes to the Financial Statements (continued)

20 Capital Management Policies and Procedures (continued)

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

Non-adjusting event

Subsequent to year end the COVID-19 virus became a concern in countries across the globe and has had a huge impact on the global economy and stock markets everywhere. This impacted the Company's investment valuations meaning that at the date of this report the Company's net asset value had fallen from £146.3m at 31 January 2020 to £137.6m at 9 April 2020.

The following transactions have taken place between 31 January 2020 and the date of this report:

10,152,810 shares were allotted raising net proceeds of £14.1m

521,876 shares were bought back for an aggregate consideration of £0.7m

22 Related Parties

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

	31 January 2020 shares held	31 January 2020 % shares held	31 January 2019 shares held	31 January 2019 % shares held
Paul Jourdan	**421,541**	**0.45%**	495,264	0.58%
David Stevenson	**17,583**	**0.02%**	17,583	0.02%

Subsequent to the Company's year end Paul Jourdan bought 96,993 shares under the Offer.

The remuneration of the directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 37, and in note 4 on page 54.

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: http://www.amatiglobal.com/amat.php

Net Asset Value per Share

The Company's net asset value per share as at 31 January 2020 was 155.6p. 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: http://amatiglobal.com/amat.php.

Dividends

Shareholders who wish to have future dividends re-invested in the Company's shares or wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address should contact Share Registrars Limited on 01252 821390 or email enquiries@shareregistrars.uk.com.

Financial Calendar

September 2020	Half-yearly Report for the six months ending 31 July 2020 to be circulated to shareholders
31 January 2021	Year-end

Annual General Meeting

The current intention is to hold the Annual General Meeting of the Company in June 2020. The Company will send a separate notice of the meeting to shareholders with full details of the AGM. Shareholders will be encouraged to vote in advance, either online or by post, or appoint proxies, and instructions will be included in the notice.

Table of Historic Returns from launch to 31 January 2020 attributable to shares issued by the original VCTs which have made up Amati AIM VCT

	Launch date	Merger date	NAV Total Return with dividends re-invested	NAV Total Return with dividends not re-invested	Numis Alternative Markets Total Return Index
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	8 December 2005	39.2%	17.7%	19.3%
Amati VCT plc	24 March 2005	4 May 2018	122.8%	69.1%	15.0%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	23.1%	-10.2%	46.1%
Singer & Friedlander AIM 3 VCT*	29 January 2001	n/a	26.9%	6.9%	-14.4%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	-2.8%	-18.1%	-56.3%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-33.7%	-22.4%	33.0%

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

Alternative Performance Measures

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

The Company uses the following Alternative Performance Measures:

Net Asset Value ("NAV") per share

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

NAV calculation	31 January 2020	31 January 2019	
Net assets (£'000)	**146,324**	124,989	(a)
Number of Ordinary shares in issue	**94,039,012**	85,549,682	(b)
NAV (c = (a/b) * 100)	**155.6p**	146.1p	(c)

Discount/Premium

The price of a share is derived from buyers and sellers agreeing a price at which to trade their shares. For Venture Capital Trusts the company is the principal buyer of the shares of sellers via buybacks (see Capital Management in note 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 2020	31 January 2019	
Closing NAV per share (p)	**155.6**	146.1	(a)
Closing share price (p)	**144.5**	134.5	(b)
Discount (c = ((a-b)/a))	**7.1%**	7.9%	(c)

Ongoing charges ratio

All operating costs expected to be regularly incurred, be they of a capital or revenue nature, and that are payable by the Company. 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 2020	31 January 2019	
Management fee (£'000)	**2,328**	1,952	
Other administrative expenses (£'000)	**448**	376	
Total management fee and other administrative expenses (£'000)	**2,776**	2,328	(a)
Average net assets in the year (£)	**133,974,969**	118,730,716	(b)
Ongoing charges (c = a/b)	**2.1%**	2.0%	(c)

Total Return

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

NAV total return calculation	31 January 2020	31 January 2019	
Closing NAV per share (p)	**155.6**	146.1	
Add back final dividend for the year ended 31 January 2019 (2018)(p)	**4.0**	5.25	
Add back interim dividend for the year ended 31 January 2020 (2019)(p)	**3.5**	3.5	
Compounding effect from re-investing dividends (p)	**0.53**	-1.15	
Re-stated closing NAV per share assuming dividends re-invested (p)	**163.6**	153.7	(a)
Opening NAV per share (p)	**146.1**	170.7	(b)
NAV total return (c = ((a - b)/b)) (%)	**12.0%**	-10.0%	(c)

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