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# Amati AIM VCT plc

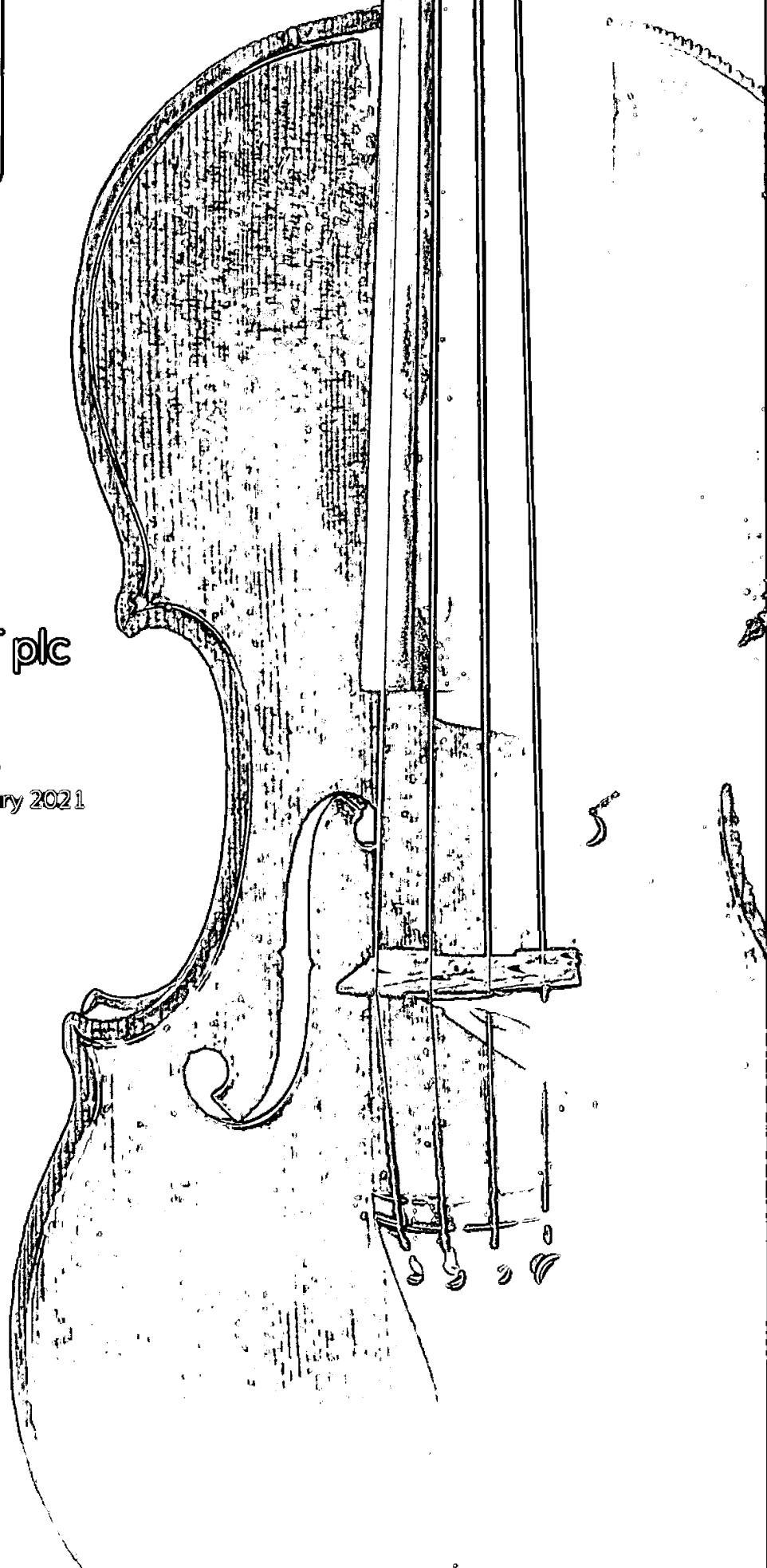
## Annual Report & Financial Statements

For the year ended 31 January 2021

Company Registration No. 04138683

**Amati**  
Global Investors

Finely crafted investments



# Amati AIM VCT plc

## OUR STRATEGY

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

## DIVIDEND POLICY

The Board aims to pay annual dividends that total between 5% and 6% of the Company's Net Asset Value at its financial year end, subject to distributable reserves and cash resources, and with the authority to increase or decrease this level at the directors' discretion.

Company Registration No. 04138633

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

# Highlights

For the year ended 31 January 2021

NAV Total return for the year	Year end Net Asset Value per share
<b>+38.9%</b>	<b>206.1p</b>
(2020: +12.0%)	(2020: 153.6p)
<b>£16.0m</b>	<b>£43.8m</b>
Invested in qualifying holdings during the year (2020: £11.0m)	The prospectus offer launched in October 2019 raised £43.8m

## Key data

	31/01/21	31/01/20
Net Asset Value (NAV)	£238.3m	£166.8m
Shares in issue	115,589,550	94,039,012
NAV per share <sup>1</sup>	206.1p	155.6p
Share price	190.5p	144.5p
Market capitalisation	£220.2m	£135.9m
Share price discount to NAV	7.6%	7.1%
NAV Total Return for the year (assuming re-invested dividends) <sup>2</sup>	38.9%	12.0%
Numis Alternative Markets Total Return Index <sup>3</sup>	20.5%	8.1%
Ongoing charges <sup>4</sup>	2.1%	2.1%
Dividends paid and declared in respect of the year	10.5p	7.75p

<sup>1</sup> Numis Alternative Markets Index is included as a benchmark for performance of the index relative to the company's listed and non-listed UK alternative markets.  
<sup>2</sup> Ongoing charges calculated in accordance with the Association of Investment Companies' (AIC) guidelines.  
<sup>3</sup> See Alternative Performance Measures on page 65

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

### Table of investor returns to 31 January 2021

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*	232.8%	71.3%
NAV following appointment of Amati as Manager of the VCT, which was known as ViTory VCT at the time	25 March 2010	249.2%	76.0%

\* 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

↑ **35.5%**

2021 total dividends  
per share

**10.5p**

Cumulative  
dividends per share

**76.74p**

**5.1% of NAV**

### Dividend history

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

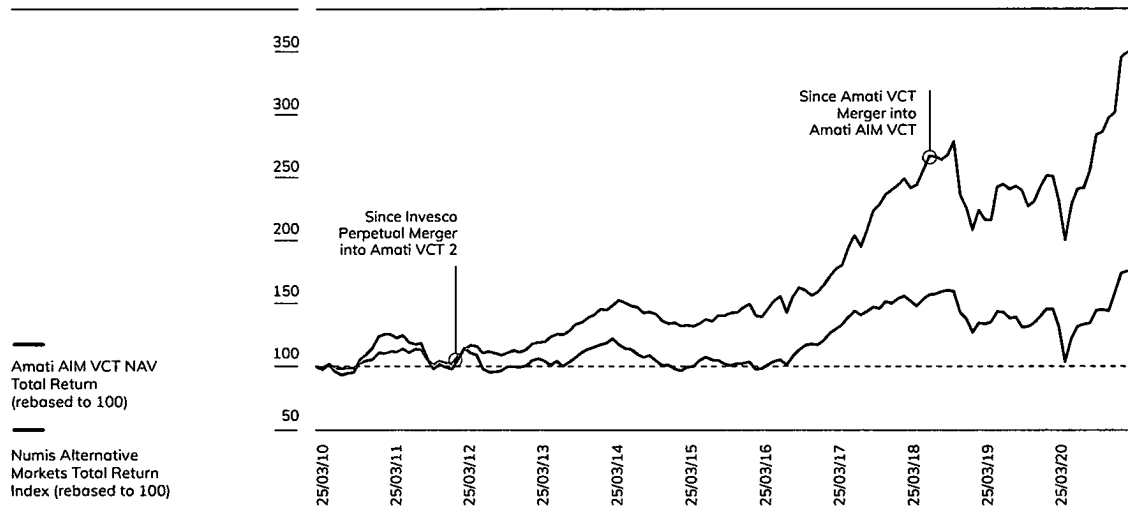
Year ended 31 January	Total dividends per share** p	Cumulative dividends per share p
2011	4.74	4.74
2012	5.50	10.24
2013	6.00	16.24
2014	6.75	22.99
2015	6.25	29.24
2016	6.25	35.49
2017	7.00	42.49
2018	8.50	50.99
2019	7.50	58.49
2020	7.75	66.24
<b>2021</b>	<b>10.50</b>	<b>76.74</b>

\* On 25 March 2010 Amati Global Investors were appointed as Manager of ViTory VCT. On 8 November 2011 Invesco Perpetual AIM VCT merged with ViTory 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.

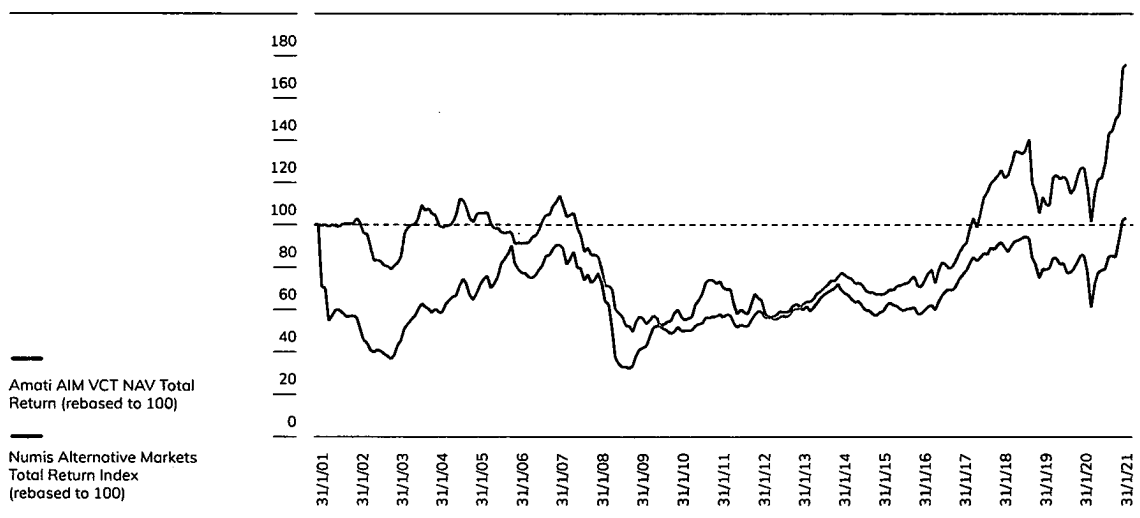
## Fund performance

**Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from change of Manager on 25 March 2010 to 31 January 2021**



## Historic performance

**Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from inception of fund to 31 January 2021**



## Strategic Report

### Chairman's Statement

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

Peter A. Lawrence  
Chairman



#### Overview and Investment Performance

I am delighted to report that the NAV total return for the year was 38.9% after what has been an extraordinary year dominated by the global pandemic of COVID-19. The first half of the year was extremely volatile with markets falling and NAV plunging in March before recovering its losses by the end of the first half. The second half went on to see further dramatic gains in many portfolio holdings including some of the newer ones. This compares to a rise for the Numis Alternative Markets Total Return Index across the year of 20.5%. Further details about the market movements during the year and the portfolio's performance and activity are given in the Manager's Review.

The Company invested £11.4m in the first half in nine qualifying investments. This was a brisk rate of investment, driven in part by portfolio companies topping up their balance sheets in the light of the emerging pandemic, to ensure that they had sufficient cash resources to meet their growth plans, even if the markets were to get tougher later in the year. A further £4.6m was invested in four qualifying investments in the second half making a total of £16.0m over the year, which compares to £11.0m invested in the previous financial year. Two investments were sold in the year.

In November the Company won Best Specialist VCT at Investment Week's Investment Company of the Year Awards 2020.

#### Other Corporate Developments

On 29 April 2020, the Company announced that it had raised its initial target of £25m under the Prospectus Share Offer launched the previous year. Having considered the rate of investment activity, the Offer was re-opened in August to raise a further £20m available

under the over-allotment facility. £18.8m was raised by the closing date of 16 October 2020.

After the year end, the Company announced its intention to launch a Top Up offer in relation to the issue of shares in the 2020/21 tax year, to raise up to approximately £7m (subject to the rules governing non-prospectus offers). This Top Up Offer opened on 22 February 2021 and met with very strong demand, closing, having been fully subscribed, shortly after its opening. The Board appreciates that this will have left many potential investors unsatisfied and, having considered the rate of qualifying investment in 2021, announced its intention in April 2021 to launch a Prospectus Offer later in 2021.

Ahead of the recent Top Up offer the Company took the decision to transfer to The City Partnership (UK) Limited ("City") for receiving agent services. The directors were happy with the quality of the level of service provided and as a result have also decided to move registrar services to City. City will therefore assist the Company with the upcoming Annual General Meeting and all registrar service requirements thereafter. Shareholders will be able to register to use the City Partnership Investor Hub and details of how to register will be communicated to shareholders directly.

Having joined the Board in 2018, following the merger of the two Amati VCTs, I will retire from the Board at the Company's AGM in 2022 and, as there has been a succession plan in place for some months, the Board expects to announce the appointment of a new non-executive director in the near future.

#### Dividend

The dividend policy of the Company is to aim to pay annual dividends that total between 5% and 6% of the Company's net asset value at its financial year end,

subject to sufficient liquidity and distributable reserves being available. Over recent years dividends have been set by the Board at the lower end of this range at around 5%, conscious of the need to maintain the availability of distributable reserves.

At 31 January 2021 the net asset value was 206.1p per share. In line with this policy the Board is proposing a final dividend of 7p per share, to be paid on 23 July 2021 to shareholders on the register on 18 June 2021. When added to the interim dividend of 3.5p per share paid in November 2020, this makes the total dividends for the year 10.5p per share, which is 5.2% of year end NAV and, an increase of 35.5% from the previous year.

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

### Annual General Meeting ("AGM")

The existing Articles of Association of the Company (the "Existing Articles") do not currently allow for the Company to hold a virtual AGM. To give the Board greater flexibility in the future, a resolution will be put to shareholders at the AGM this year to adopt new Articles of Association (the "New Articles"). The New Articles, if adopted, will allow the Company to hold a virtual or hybrid AGM in the future.

The Board has therefore decided to hold a separate online Investor Event with investor update prior to the AGM and only the statutory business will be conducted at the AGM this year. The AGM will be held at the offices of the Manager, Amati Global Investors Limited, 8 Coates Crescent, Edinburgh, EH3 7AL on Wednesday 9 June starting at 2.00 p.m.

The Board recognises that this reduced AGM format makes it more difficult for shareholders to put questions to the directors, to express their views on governance matters and to become fully informed about matters

relating to the AGM resolutions. In order to facilitate this, the Board and the Company's Manager will hold an online Investor Event to be held over Zoom commencing at 2.00 p.m. on 27 May 2021 in advance of the AGM on 9 June 2021. Shareholders are asked to email the Company's Manager at [info@amatiglobal.com](mailto:info@amatiglobal.com) to indicate that they would like to join the event and they will be sent login details in reply to their emails.

The Board encourages shareholders to engage with the Board and the Company's Manager by emailing any questions they may have either on the business of the AGM or the portfolio to [info@amatiglobal.com](mailto:info@amatiglobal.com) by 24 May 2021. A discussion of questions received relating to the AGM and governance issues will be followed by a presentation from the Company's Manager, which will include presentations from some of the Company's investee companies and where questions about the Company's investments will also be answered. There will also be an opportunity to submit questions during the event. The Company's Manager will publish all questions submitted by the deadline of 24 May 2021 together with answers on the page dedicated to the AGM on the Manager's website on 2 June 2021, prior to the AGM being held.

The Board encourages all shareholders to exercise their votes in advance in respect of the meeting. Shareholders are advised to vote through the Company Registrar's online voting facility (details of which can be found at page 71 of this report) or by form of proxy. Shareholders who hold their shares through an investment platform or other nominee service are also encouraged to contact their investment platform or other nominee service as soon as possible to arrange for votes to be lodged on their behalf.

We all look forward to a time when we will be able to meet face to face again and hope that the approach we are adopting will allow investors to continue to feel in touch with the Company and able to have any views heard adequately in the meantime.

### Proposed adoption of new Articles of Association

As mentioned above, one of the resolutions being proposed at the AGM relates to the adoption of new Articles of Association of the Company which allow for general meetings to be held and conducted in a manner that allows those not physically present at the meeting to participate by electronic methods.

## Chairman's Statement (continued)

While the Company does not intend to hold shareholder meetings conducted by way of wholly electronic means, the proposed amendments will allow the Company to utilise this option where a physical meeting would not be in the best interests of shareholder safety or where shareholders are prevented, through law or regulation, from attending at a physical location. Nothing in the proposed New Articles will prevent the Company from holding physical meetings, and the Board's intention is always to hold a physical AGM provided it is both safe and practical to do so.

The Company is also taking this opportunity to amend the continuation vote provisions in the Existing Articles and to increase the aggregate annual amount that may be paid to directors by way of fees under the Existing Articles, as well as other minor amendments. An increase, from £120,000 to £150,000, is being proposed to provide the Board with more capacity for succession planning. There is no current intention to increase Directors' fees materially in the near term, but the new level proposed under the Articles of Association provides extra flexibility in the case, for example, of an additional Board member being appointed prior to the retirement of an existing Director.

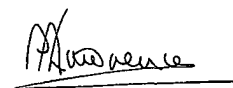
A summary of the principal amendments to the Existing Articles being proposed is set out on page 73 of this report.

The Notice of the AGM is set out on page 69 of this report.

**Outlook**

Post Brexit and The Patient Capital Review, the VCT industry is expecting a period of stability surrounding the rules of investing. Environmental, Social and Governance issues are becoming increasingly important and the Manager has taken a proactive stance to ensure sensible and appropriate compliance on these matters. Shareholders can view the Manager's video "Amati's Approach to ESG Investing" on its website at [www.amatiglobal.com](http://www.amatiglobal.com).

With the prospect of a return to a new normality and as an end to the current pandemic becomes clearer, we hope that thriving entrepreneurship in the UK will give rise to an increasing number of qualifying new investment opportunities going forward. It is with optimism that I look forward to reporting progress in the coming months ahead.



**Peter A. Lawrence**  
Chairman

30 April 2021

For any matters relating to your shareholding in the Company, dividend payments, or the Dividend Re-investment Scheme, please contact The City Partnership (UK) Ltd on 01484 240 910, or by email at [amativct@city.uk.com](mailto:amativct@city.uk.com). For any other matters please contact Amati Global Investors on 0131 503 9115 or by email at [info@amatiglobal.com](mailto:info@amatiglobal.com). Amati maintains an informative website for the Company – [www.amatiglobal.com](http://www.amatiglobal.com) – on which monthly investment updates, performance information, and past company reports can be found.



## Fund Manager's Review

### Market Review

The year under review has been entirely dominated by the impact of the COVID-19 pandemic. In early 2020, the global economy suffered the full force of shutdowns across most countries, with consequential damage to jobs, consumer spending, capital investment and corporate profitability. The dramatic effect on GDP saw individual economies report recessionary conditions for the first two quarters of the year, despite unprecedented emergency measures involving fiscal and monetary stimulus.

Until mid-February stock markets had broadly sustained their momentum from late 2019, as investors assessed whether the initial outbreak in China, and Asia more generally, could be contained. As evidence emerged from Europe that the situation could become a global pandemic, sentiment collapsed causing a rapid sell-off. Initially this was indiscriminate, with all assets – equities, bonds, property and even gold – being hit as liquidity was sought at almost any price. This environment continued in the UK until mid-March. It was followed by a period of almost frenetic capital raising activity, as investors were approached by companies most impacted by the downturn as well as others seeking further funding for investment and acquisition opportunities. This coincided with a view that these might prove to be the last offerings in the event of a strong economic recovery. Alongside a more general search by investors for bargains within the UK market, it fostered a sharp rebound which continued through to early June. This, however, marked a relative high point for the next five months as the rally lost momentum, with investors re-assessing the likely strength and trajectory of a future recovery.

In early November, stock market confidence received a huge boost from the news that the Pfizer-BioNTech phase III vaccine trial results showed 90% efficacy. This was followed by equally positive vaccine results from Moderna and Oxford-AstraZeneca. In early December, a UK woman was the first person in the world to

receive the Pfizer vaccine post-approval, since when inoculation programs have been rolled out globally. This was an extraordinary achievement by medical science in such a short timescale, and markets reacted with renewed momentum. This was particularly so for smaller listed and AIM quoted stocks in the UK, which, by the end of January, had exceeded their pre-COVID index levels. However, this performance was not matched by large and mid-sized stocks which remained in negative territory for the period. The most noteworthy performance came from AIM stocks involved with the growing online economy, data communications, software, video gaming and cyber security, as well as those leading development and production of COVID-19 diagnostics, treatments and vaccines.

### Performance

The VCT's NAV Total Return for the period was 38.9%. This outperformed the benchmark Numis Alternative Markets Total Return Index, which returned 20.5%.

The VCT continued to benefit from high weightings in technology and healthcare stocks during this extraordinary year. As we noted in the interim report, despite the disruptions caused by lockdowns around the world, these companies could, in general, continue to make progress, and most made strong progress

*“The VCT continued to benefit from high weightings in technology and healthcare stocks during this extraordinary year.”*

during the period as a whole. The largest contributors to performance were **Frontier Developments** (“**Frontier**”) and **Keywords Studios** (“**Keywords**”), which rose by 123% and 121% respectively. Like many developers and publishers of video games, **Frontier** benefited during lockdown as people had more time and inclination to play such games. Although the company did experience some productivity issues caused by working from home, it has broadly kept its development schedule on track. The core game franchises have all continued to make impressive sales during 2020 and the coming twelve months will see some important new releases coming to market. **Keywords** continues to be a consolidator amongst global service providers to the video games industry, raising £100m of further capital in May 2020 for acquisitions and subsequently making acquisitions in the US, UK and Italy. At its trading update in January, it reported that it saw an organic growth rate of around 12%, which suggests that its overall strategy is proving effective.

Beyond these two companies, **Polarean Imaging** (“**Polarean**”), **Ilika** and **MaxCyte** were stand out performers. **Polarean**, which is bringing a new lung imaging technology to market, rose 137%, having now submitted its system, which combines hardware with highly polarised Xenon129 gas, for FDA approval. **Ilika**, which develops solid state battery technology, has benefited from greatly increased focus by both

government and the markets on new battery innovations, rising 466% during the year. **MaxCyte**, whose flow electroporation technology has an ever deepening list of pharma and biotechnology clients, has been planning a NASDAQ IPO during the past year and saw a 317% rise as interest from US investors increased.

On the negative side, **Hardide**, which provides super-hard coatings for specialised industrial applications, had a difficult year as orders from its oil & gas clients fell sharply and significant aerospace orders were delayed, falling 52% during the year. **AB Dynamics**, which designs and supplies advanced testing systems and measurement products to the global auto market, retreated 12% over the period as global macroeconomic conditions unsurprisingly took their toll on what has been an excellent long-term contributor. Other stocks which fell sharply, such as online retailer, **Sosandar** (-27%) and developer and supplier of maritime surveillance, analytics and management systems, **SRT Marine Systems** (-24%), were generally amongst the smaller holdings in the portfolio.

The **TB Amati UK Smaller Companies Fund** rose by 12.8%, outperforming its benchmark, the Numis Alternatives Markets Index, which rose by 7.9%. The biggest riser in the portfolio was online retailer **Gear4Music**, which sells exactly what the name implies, seeing its business accelerate sharply under

lockdown. Other rises were predominantly in healthcare and technology. The big fallers were in more traditional parts of the economy, where holdings were exited during the year, such as **4Imprint Group**, the direct marketing and promotional products business and **Gym Group**.

### Portfolio Activity

Despite the turbulence in the equity markets, we were shown many investment opportunities during the year, and the Company made thirteen investments of which eight were follow-on investments and five were new holdings including one Initial Public Offering ("IPO"). This is in line with the average of eleven investments per year over the last five years, however, there has been a greater emphasis on follow-on investments.

The largest investments were follow-on investments in **Diurnal**, **Ilika** and **Polarean**, and a new investment in **RUA Life Sciences**. **Diurnal** is a commercial stage specialty pharma company, with a focus on developing treatments for hormone disorders and has one launched product, Alkindi. This is a treatment for children with adrenal insufficiency or congenital adrenal hyperplasia (both conditions of reduced cortisol production) and was launched in the EU in 2019. We invested a further £2.8m in March 2020, as part of a £11.2m fund raise, providing Diurnal with working capital to conclude a distribution deal with a US partner and finish preparation work ahead of US approval of Alkindi which was expected in September. Our conviction in Diurnal was rewarded and management successfully negotiated a deal with US based Eton Pharma which has subsequently been extended to cover Canada and Alkindi was approved on time by the FDA. Diurnal's second major product, Chronocort, is an adult version of Alkindi. This has been submitted for review to the European Medicines Agency for congenital adrenal insufficiency, with a decision expected by the end of Q1 2021. EU approval would pave the way for Phase III trials in the US for Chronocort. The market for adult adrenal insufficiency is eight times larger than the children's market, so Chronocort approval would be highly significant for Diurnal. **Ilika**, which makes solid state batteries, raised £15m to fund the manufacturing scale up for its micro M250 and M50 batteries, for which there are currently no substitutable products. These batteries sell for around £100 each and are used in industrial process or machine monitoring – such as continual monitoring

of a wind turbine's structural integrity – and medical technologies – such as diabetes monitoring. There are further potential uses for consumer electronics. We invested £1.9m. **Polarean** is developing a hyperpolarised Xenon MRI for lung imaging, which means patients are no longer exposed to the radiation required for legacy lung imaging techniques. The hyperpolarised approach also vastly improves spatial resolution compared to the current standard and the technology has attracted the support of influential key opinion leaders in the lung imaging field. During 2020, Polarean released positive results from its Phase III trial, achieving the trial's primary endpoint. The VCT invested a further £2m in Polarean in the March fundraise that strengthened the balance sheet while the company worked on the FDA submission. Polarean subsequently submitted its application for review with the FDA, with a decision expected in Q4 2021. The company is currently busy doing the leg work of preparing for commercial launch. This includes laying the ground work for securing reimbursement for procedures which use Polarean's technology, covering both private health insurance companies as well as the federal and state health programmes, Medicare and Medicaid. **RUA Life Sciences** is focused on the exploitation of Elast-Eon, a long-term implantable biostable polymer. There are three parts to the business: royalties and a revenue share from a licensee to Elast-Eon; the development of a heart valve using Elast-Eon, which has high potential but is a longer-term goal; and a medical division which is manufacturing patches and grafts for major coronary blood vessels using Elast-Eon, which is where the nearer term growth potential lies. The VCT invested £2.15m in a secondary placing in November 2020.

The remaining new investments were in **Synairgen**, **Eden Research Group**, **One Media iP Group** ("One Media") and **Verici Dx** – our only IPO investment in the period. **Synairgen**, which is developing an inhaled interferon-beta, which acts to boost the immune response locally in the lungs and has the effect of a broad-spectrum anti-viral against respiratory infections. Phase II data indicated that this anti-viral effect is also present against COVID-19. We supported the initial fundraise in March for the Phase II study. The company raised further funding for the 900-patient international Phase III trial in October, but this was no longer a VCT qualifying fund raise. Success in Phase III would lead to approval and be transformational for the company, with the potential to provide an important new treatment for COVID-19.

## Fund Manager's Review (continued)

*"As a long-term investor, we can do little about the fluctuating mood of the market, but hope and expect that the companies in the portfolio will continue to realise the many opportunities they have for growth."*

**Eden Research**, which raised £10.1m to advance the development, registration and commercialisation of its proprietary biopesticides for sustainable agriculture. Eden has a microencapsulation technology, **Sustaine**, derived from yeast cells that is plastic free and non-toxic. Thus, it can be used as an alternative to micro-plastic encapsulation in agricultural products. **Sustaine** is already used in Eden's commercial fungicides and nematicides and is being developed for insecticides and seed encapsulation. During the year the company continued to register its commercial products in new territories and new indications, while furthering its research on **Sustaine** and continuing product evaluations with **Corteva**, a large cap global agricultural company based in the US. **One Media**, the digital music rights publisher and distributor which raised £4m to fund the take on of further music rights, primarily in its new **Harmony iP** business which allows rights' holders to release equity while retaining a majority interest. The company has also developed proprietary software, **Technical Copyright Analysis Tool ("TCAT")** to detect and combat piracy.

We invested in the October IPO of **Verici Dx**, a spin out from **Renayltix AI**. **Verici Dx** is developing two diagnostic tests, **Clarava** and **Tuteva** for use pre- and post-kidney transplant. In the US there are 91,000 kidney transplants per year. Within the first year, 30% of patients have evidence of rejection and current tests for rejection are poor and non-specific. **Clarava** will be

used pre-transplant as a prognostic for the risk of early rejection within the first six months post-operative. **Tuteva** would be used post-transplant as a real time diagnostic to monitor kidney rejection. Both involve a blood test and an artificial intelligence ("AI") algorithm. The data generated by the tests gives clinicians valuable information to manage and monitor patients post-operatively during the period when a rejection event is most likely. Management is highly experienced and credible, presenting an ambitious development plan to take the company through clinical validation to first revenues in two years.

Smaller follow-on investments were made in five holdings: **Intelligent Ultrasound**, a developer of ultrasound simulation devices and AI enabled ultrasound image analysis, in which we first invested in 2019 to support the development of the AI image analysis solutions, and in which, having seen solid progress, we invested again in April 2020 to strengthen the balance sheet as COVID-19 impacted sales cycles, subsequent to which the company announced a commercial partnership with **GE Healthcare** and approval in the EU and US of GE's now AI enabled ultrasound machine; **Fusion Antibodies**, an antibody services company, focused on antibody discovery, engineering and supply, which has created proprietary technologies that solve some of the most pressing problems in the space; **Rosslyn Data Technologies**, which saw a modest slowdown

caused by the pandemic and raised money to accelerate sales and marketing efforts; **Falanx**, the cyber security business, which needed some additional working capital to enable it to market its services effectively, having experienced a slowdown in sales due to the pandemic and to successfully resolve issues with the roll out of its Security Operating Centre platform, Triarri, arising from one of the component pieces of third party software; and **Velocys**, a sustainable fuels technology company.

We sold out of **i-nexus Global** and **Genedrive**, at the start of the period under review, both of which had produced successive sets of disappointing results.

## Outlook

Stock markets around the world have surprised many with their strength during the period under review, given how great the impact of the pandemic has been in many regions and parts of the economy. However, the response of many governments in developed economies, to avert economic disasters through large scale bailout programmes, has meant that money supply has been greatly increased, and that cash in the system has prevented the worst hardships from the pandemic. This comes at the cost of government debt having risen to levels that would have been regarded as

dangerous by prior generations, leaving a greatly heightened sensitivity to the interest rate rises which may be necessary in the next few years to prevent inflation from re-emerging as a long forgotten problem. Savings rates have also increased, as lockdowns have suppressed household spending, and the stock market has been a major beneficiary of this. There are clear concerns about stock market valuations, which had been gradually rising over the last decade even before the pandemic, with the most favoured sectors such as healthcare and technology being perhaps the most exposed. However, these favoured sectors, in which the Company has many investments, are also those which have the strongest growth prospects over the coming years. As a long-term investor, we can do little about the fluctuating mood of the market, but hope and expect that the companies in the portfolio will continue to realise the many opportunities they have for growth.

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

30 April 2021

## Fund Manager Biographies

### Amati Global Investors

Amati Global Investors is a specialist fund management business based in Edinburgh. It focuses on UK small and mid-sized companies, with a universe ranging from fully listed constituents of the FTSE Mid 250 and FTSE Small Cap indices, to stocks quoted on the Alternative Investment Market. It was awarded Investment Week's Boutique of the Year 2020 (below £1 billion AUM). It is the manager of Amati AIM VCT (for which it won the 2020 Investment Week award for Specialist VCT of the Year), the TB Amati UK Smaller Companies Fund, the TB Amati Strategic Metals Fund, and it also offers an AIM IHT portfolio service. It is incorporated in Scotland and 51% owned by its staff, and 49% owned by Mattioli Woods plc, which invested in the company in February 2017. Amati Global Investors 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 plc 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 2021

FTSE Sector	Original Amati VCT bookcost at 4 May 2018 <sup>1</sup> £'000	Cost <sup>2</sup> £'000	Aggregate Cost <sup>3</sup> £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	Sector	Dividend Yield <sup>4</sup> %	% of net assets
Frontier Developments plc <sup>1,3</sup>	341	4,357	4,698	19,668	10,866	1,239.6	Consumer goods	-	8.3
Polarean Imaging plc <sup>1</sup>	-	3,900	3,900	16,736	10,998	115.9	Health care	-	7.0
TB Amati UK Smaller Companies Fund	3,331	6,189	9,520	15,254	1,660	-	Financials	0.9	6.4
Keywords Studios plc <sup>1</sup>	323	4,851	5,174	13,865	7,603	2,029.3	Industrials	0.1	5.8
Ideagen plc <sup>2</sup>	565	2,738	3,303	13,564	4,093	718.5	Technology	0.2	5.7
Learning Technologies Group plc <sup>1</sup>	780	3,771	4,551	11,344	607	1,215.3	Technology	0.6	4.8
Ilika plc <sup>1</sup>	208	1,842	2,050	11,097	9,630	298.0	Oil & Gas	-	4.7
Tristel plc <sup>2</sup>	543	2,747	3,290	10,695	3,504	270.2	Health care	1.2	4.5
GB Group plc <sup>2,3</sup>	236	2,967	3,203	9,646	1,634	1,680.1	Technology	0.5	4.0
AB Dynamics plc <sup>1,3</sup>	209	2,370	2,579	8,578	(1,168)	431.4	Industrials	0.3	3.6
<b>Largest ten investments</b>			<b>42,268</b>	<b>130,447</b>					<b>54.8</b>
MaxCyte Inc. <sup>1,3</sup>	449	1,535	1,984	6,518	4,995	438.9	Health care	-	2.7
Diurnal Group plc <sup>1</sup>	732	3,508	4,240	5,700	2,705	83.0	Health care	-	2.4
Craneware plc <sup>2</sup>	298	3,601	3,899	4,726	709	590.2	Technology	1.1	2.0
Ixico plc <sup>1</sup>	-	1,409	1,409	4,126	(101)	38.7	Health care	-	1.7
Water Intelligence plc <sup>2</sup>	180	1,038	1,218	3,992	1,711	86.4	Industrials	-	1.7
Velocys plc <sup>1</sup>	-	1,706	1,706	3,899	2,857	73.3	Oil & Gas	-	1.6
Anpario plc <sup>2</sup>	276	1,553	1,829	3,590	1,567	127.3	Health care	1.7	1.5
Amryt Pharma plc Ordinary shares <sup>1,3</sup>	870	693	1,563	2,833	1,105	357.6	Health care	-	1.2
Amryt Pharma plc Contingent Value Rights ("CVRs") <sup>3</sup>	-	-	-	732	394	-	Health care	-	0.3
Verici Dx plc <sup>1,3</sup>	-	800	800	3,000	2,200	106.3	Health care	-	1.3
Diaaceutics plc <sup>1</sup>	-	1,557	1,557	2,869	266	117.7	Health care	-	1.2
<b>Largest twenty investments</b>			<b>62,473</b>	<b>172,432</b>					<b>72.4</b>
Synairgen plc <sup>1</sup>	-	583	583	2,748	2,165	329.9	Health care	-	1.2
Angle plc <sup>1</sup>	-	1,615	1,615	2,630	401	175.3	Health care	-	1.1
Creo Medical Group plc <sup>1,3</sup>	-	1,613	1,613	2,606	413	318.9	Health care	-	1.1
Rua Life Sciences plc <sup>1</sup>	-	2,149	2,149	2,597	448	32.2	Health care	-	1.1
Fusion Antibodies plc <sup>1</sup>	565	1,779	2,344	2,576	468	28.0	Health care	-	1.1
Rosslyn Data Technologies plc <sup>1</sup>	614	1,308	1,922	2,504	662	24.1	Technology	-	1.1
Eden Research plc <sup>1</sup>	-	1,016	1,016	2,287	1,270	51.3	Basic materials	-	1.0
Quixant plc <sup>2,3</sup>	419	3,777	4,196	2,266	(697)	86.4	Technology	-	1.0
Intelligent Ultrasound plc <sup>1</sup>	-	1,625	1,625	2,222	638	37.7	Health care	-	0.9
Sosandar plc <sup>1</sup>	-	1,872	1,872	1,716	(655)	26.4	Consumer services	-	0.7
Brooks Macdonald Group plc <sup>2</sup>	-	1,154	1,154	1,667	(297)	298.5	Financials	3.4	0.7
Byotrol plc <sup>1</sup>	511	348	859	1,625	1,075	29.0	Basic materials	-	0.7
Block Energy plc <sup>1</sup>	-	3,000	3,000	1,483	(511)	17.9	Oil & Gas	-	0.6



FTSE Sector	Original Amati VCT bookcost at 4 May 2018 <sup>1</sup> £'000	Cost <sup>2</sup> £'000	Aggregate Cost <sup>2*</sup> £'000	Valuation £'000	Fair value movement in year £'000	Market Cap £m	Sector	Dividend Yield <sup>NTM</sup> %	% of net assets
SRT Marine Systems plc <sup>1</sup>	709	465	1,174	1,424	(462)	60.8	Technology	-	0.6
Hardide plc <sup>1</sup>	695	1,666	2,361	1,356	(1,447)	16.0	Basic materials	-	0.6
Belvoir Group plc <sup>1</sup>	404	379	783	1,353	32	29.9	Financials	4.4	0.6
Solid State plc <sup>2</sup>	259	261	520	1,303	52	59.9	Industrials	2.1	0.5
Science in Sport plc <sup>2</sup>	811	1,145	1,956	1,229	(151)	55.4	Consumer goods	-	0.5
One Media iP Group plc <sup>1</sup>	-	1,240	1,240	1,151	(89)	14.5	Financials	-	0.5
Falanx Group Limited <sup>1</sup>	-	1,750	1,750	1,020	35	6.3	Industrials	-	0.4
Accesso Technology Group plc <sup>1,3</sup>	-	221	221	907	111	169.0	Technology	-	0.4
LoopUp Group plc <sup>1</sup>	490	2,087	2,577	701	(86)	40.5	Technology	-	0.3
Bilby plc <sup>2</sup>	676	1,005	1,681	582	65	15.9	Industrials	-	0.2
Property Franchise Group plc (The) <sup>2</sup>	155	197	352	549	(130)	48.0	Financials	1.0	0.2
Equals Group plc <sup>1</sup>	-	1,137	1,137	476	(268)	57.2	Financials	-	0.2
Universe Group plc <sup>1</sup>	142	346	488	383	(395)	8.4	Industrials	-	0.2
Netcall plc <sup>2</sup>	-	110	110	336	128	81.3	Technology	0.5	0.1
Cloudcall Group plc <sup>1</sup>	-	350	350	308	(11)	34.2	Technology	-	0.1
Velocity Composites plc <sup>1</sup>	496	307	803	196	(265)	6.2	Industrials	-	0.1
Synectics plc <sup>2</sup>	-	342	342	150	(48)	19.6	Industrials	-	0.1
Antenova Limited Ordinary shares & A Preference Shares <sup>1</sup>	-	100	100	128	-	-	Telecommunications	-	0.1
FireAngel Safety Technology Group plc <sup>1</sup>	-	690	690	119	29	24.0	Industrials	-	-
Brighton Pier Group plc (The) <sup>1</sup>	314	175	489	102	(125)	10.1	Consumer services	-	-
MyCelx Technologies Corporation <sup>1</sup>	440	205	645	89	(137)	4.3	Oil & Gas	-	-
Bonhill Group plc <sup>1</sup>	-	670	670	75	(159)	8.9	Consumer services	-	-
Dods (Group) plc <sup>1</sup>	-	596	596	54	(26)	15.7	Consumer services	-	-
Allergy Therapeutics plc <sup>1</sup>	-	29	29	48	19	115.3	Health care	-	-
Investments held at nil value	-	-	1,954	-	94	-	-	-	-
<b>Total investments</b>			<b>109,439</b>	<b>215,398</b>					<b>90.4</b>
<b>Net current assets</b>				<b>22,881</b>					<b>9.6</b>
<b>Net assets</b>			<b>109,439</b>	<b>238,279</b>					<b>100.0</b>

1 Qualifying holdings.

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

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 ("AVCT") on 4 May 2018.

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

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

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

All holdings are in ordinary shares unless otherwise stated.

Investments held at nil value: Celoxica Holdings plc<sup>1</sup>, China Food Company plc, Leisurejobs.com Limited<sup>1</sup> (previously Sportweb.com), Polyhedra Group plc<sup>1</sup>, Rated People Limited<sup>1</sup>, Sorbic International plc, TCOM Limited<sup>1</sup> and VITEC Global Limited<sup>1</sup>.

As at the year end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 was 87.74%.

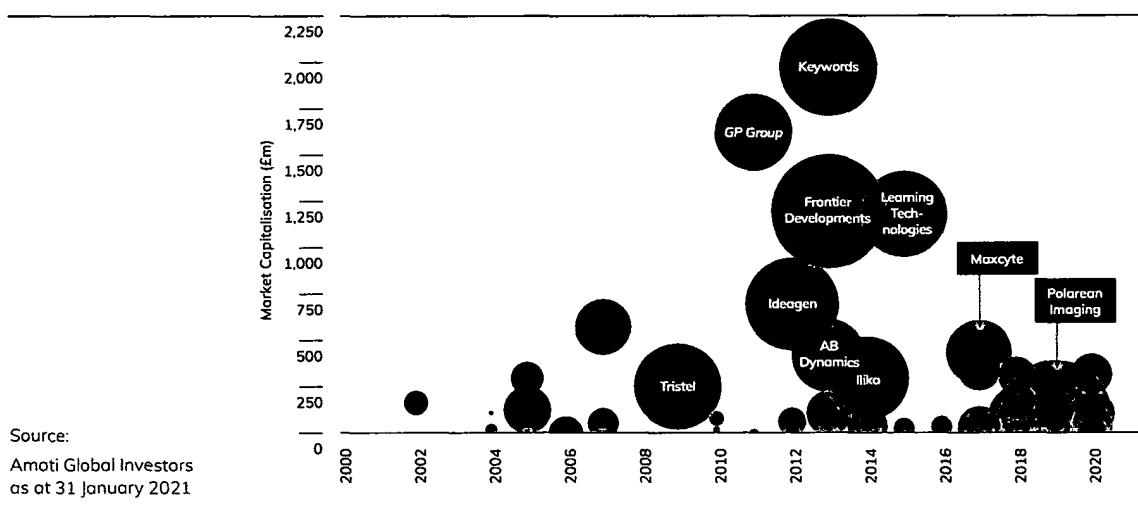
## Investment Portfolio (continued)

Analysis as at 31 January 2020

**Qualifying portfolio**

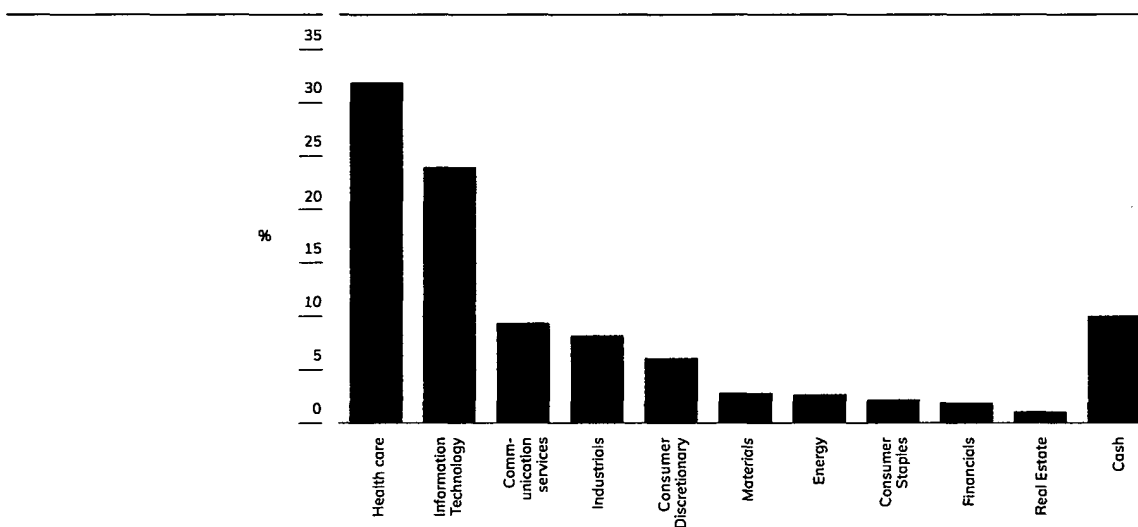
The portfolio of qualifying investments in the Company as at 31 January 2021 is analysed in the graph below by date of initial investment and market capitalisation. The size of the circles represents the relative size of the holdings in the portfolio by value.

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.

**Sector split**

The portfolio of investments in the Company as at 31 January 2021 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 14 and 15 is classed as Financials.



## Investment Policy, Company Objectives and Investment Strategy

### Company Objectives

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

### Investment Policy

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

### Investment Parameters

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

### Borrowing

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

### Investment Strategy for Achieving Objectives

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

#### (a) Qualifying Investments Strategy

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

#### (b) Non-Qualifying Investments Strategy

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

- (i) the TB Amati UK Smaller Companies Fund (which is a UCITS fund), or other UCITS funds approved by the Board;
- (ii) direct equity investments in small and mid-sized companies and debt securities in each case listed on the Main Market of the London Stock Exchange; and
- (iii) cash or cash equivalents (including money market funds) which are redeemable within 7 days.

Investment Policy, Company Objectives  
and Investment Strategy (continued)**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 page 24 and 25;
- Net asset value and total return to shareholders (the aggregate of net asset value and cumulative dividends paid to shareholders, assuming dividends re-invested at ex-dividend date). See graphs on page 3;
- Comparison against the Numis Alternative Markets Total Return Index. See graph on page 38;
- 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, administration and secretarial arrangements of the Company. As part of this process, the Board will consider the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. In the opinion of the Board, the continuing appointment of the Manager, on the terms agreed, is in the interests of the shareholders. The directors are satisfied that the Manager will continue to manage the Company in a way which will enable the Company to achieve its objectives.

### VCT Status Adviser

Philip Hare & Associates LLP ("Philip Hare & Associates") is engaged to advise the Company on compliance with VCT requirements. Philip Hare & Associates review new investment opportunities, as appropriate, and review regularly the investment portfolio of the Company. Philip Hare & Associates 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 and uncertainties:

### 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. The majority of the new investments will be in companies which have invested in developing and commercialising intellectual property, which brings with it the risk that another company might develop superior technology, or that the commercialisation strategy may fail. In addition, the liquidity of these shares can be low and the share prices volatile.

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

### 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 VCT Status Adviser to the Company. Philip Hare & Associates reports every six months to the Board to confirm compliance with the venture capital legislation, to highlight areas of risk and to inform on changes in legislation independently.

### 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.

The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 ("AIFMD") is a directive affecting the regulation of VCTs. Amati AIM VCT has been entered in the register of small registered UK AIFMs on the Financial Services register at the Financial Conduct Authority ("FCA"). As a registered firm there are a number of regulatory obligations and reporting requirements which must be met in order to maintain its status as an AIFM.

Board members and the Manager have considerable experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulations from the auditor, lawyers 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 34.

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 Covid-19 pandemic and the measures taken to control the outbreak have led to volatility in stock markets and other financial markets in the UK and a downturn in the UK economy. The future development and long term impacts of the outbreak are unknown and it remains to be seen how and when the UK economy will recover. Despite a permanent trade agreement between the UK and EU and the end of the transition period on 31 December 2020 there remains uncertainty and potential volatility in markets and for the economy while practicalities are addressed. The Manager seeks to mitigate economic risk by seeking to adopt a suitable investment style for the current point in the business cycle, and to diversify the exposure to geographic end markets.

## 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 the Board consider at quarterly board meetings.

## 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 2021, encourages shareholders to attend the AGM and an annual investor event and welcomes communication from shareholders as described more fully on pages 34 and 35 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-

### Key decision making

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.

### Investee companies

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.

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.

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.



Following the successful prospectus offer that was launched in October 2019 and which raised £43.8m, the Board decided to run a Top Up Offer that launched in February 2021 and raised its full £7m under the rules governing non-prospectus offers. This decision was taken on the basis of the deployment of funds over the previous three months and the pipeline of investment opportunities.

#### **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 therefore it has no policies relating to social, community and human rights issues. The Company's indirect impact occurs through the range of organisations in which it invests and for this it follows a policy of Responsible Ownership.

In terms of external validation and support, Amati 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 ESG 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 2020 the Manager voted in respect of 56 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 is a low energy user and is therefore exempt from the reporting obligations under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. 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.

## Other Matters

### VCT REGULATIONS

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

- (i) The Company must, within three years of raising funds, maintain at least 80% of its investments by VCT value (cost, or the last price paid per share, if there is an addition to the holding) in shares or securities comprised in qualifying holdings (this percentage rose from 70% to 80% for accounting periods beginning on or after 6 April 2019 which for the Company was from 1 February 2020). At least 70% by VCT value must be ordinary shares which carry no preferential rights. A further condition requires that 30% of new funds raised in accounting periods beginning after 5 April 2018 are to be invested in qualifying holdings within 12 months of the accounting period following the issuance of shares;
- (ii) The Company may not invest more than 15% of its investments in a single company and it must have at least 10% by VCT value of its total investments in any qualifying company in qualifying shares approved by HM Revenue & Customs;
- (iii) To be classed as a VCT qualifying holding, companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million after investment; they must be carrying on a qualifying trade and satisfy a number of other tests including those outlined below; the investment must also be made for the purpose of promoting growth or development;
- (iv) VCTs may not invest new capital in a company which has raised in excess of £5 million (£10 million from 6 April 2018 if the company is deemed to be a Knowledge Intensive Company) from all sources of state-aided capital within the 12 months prior to and including the date of investment;
- (v) No investment may be made by a VCT in a company that causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of state aid investment (including from VCTs) over the company's lifetime. A subsequent acquisition by the investee company of another company that has previously received State Aid Risk Finance can cause the lifetime limit to be exceeded;
- (vi) No investment can be made by a VCT in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous State Aid Risk Finance was received by the company within 7 years (10 years in each case for 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](http://www.amatiglobal.com).

#### STATEMENT ON LONG-TERM VIABILITY

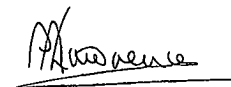
In accordance with the UK Corporate Governance Code published in July 2018 (the "Code"), the directors have carried out a robust assessment of the prospects of the Company for the period to January 2026, taking into account the Company's performance and emerging and principal risks, and are of the opinion that, at the time of approving the financial statements there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over that period.

To come to this conclusion, the Manager prepares and the directors consider an income statement forecast for the next five years which is considered to be an appropriate time period due to its consistency with the UK Government's tax relief minimum holding period for an investment in a VCT. 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

30 April 2021

## 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.

### 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.

### 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 Chair of the Schroder BSC Social Impact Trust plc, a non-executive director and senior independent director at Pantheon International plc, and a non-executive director of Ecofin Global Utilities and Infrastructure Trust plc, North American Income Trust plc, and Baronsmead Venture Trust plc. She holds the Chartered Financial Analyst credential from the CFA Institute.

### 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.

## Directors' Report

The Statement of Corporate Governance on pages 31 to 35 forms part of the directors' report.

### Principal Activity and Status

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

### Directors

The directors of the Company during the year under review were Peter Lawrence, Julia Henderson, Susannah Nicklin and Brian Scouler. 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 rebates the fee it receives for the management of the Company's investment in the TB Amati UK Smaller Companies Fund.

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

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

### Manager Evaluation

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 27 November 2020. As stated in the Chairman's Statement on page 5 the Board has declared payment of a final dividend of 7.0p per share for the financial year ending 31 January 2021.

### Share Capital

There were 115,589,550 ordinary shares in issue at the year end. During the year 22,686,258 shares in the Company were allotted as a result of offers at an average price of 151p per share raising £35.6m net of issue costs. 903,657 shares in the Company were allotted as a result of the Dividend Re-investment Scheme. Since the year end, 3,331,689 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 2,039,377 shares in the Company with a nominal value of 5p per share were bought back for an aggregate consideration of £3.2m at an average price of 155p per share (representing 1.8% of the shares in issue at 31 January 2021). Since the year end, 551,570 shares have been bought back for an aggregate consideration of £1.1m at an average price of 197p 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 14,594,420 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**

The Company is required by law to hold an annual general meeting. However, due to the continued uncertainty surrounding COVID-19 restrictions at the date of this report and concern for the safety and wellbeing of shareholders and other attendees of the AGM the Board has decided that the Company will conduct only the statutory business at the AGM on 9 June 2021.

In order to meet the Company's legal requirements and to protect the health of shareholders the Board has put the following measures in place:

- there will be no presentations at the AGM;
- in accordance with the Articles of Association and any Government restrictions in place at the time of the AGM, the Company may impose entry restrictions on shareholder attendance at the AGM;
- if, due to Government restrictions, it is not possible for any of the Directors to attend the AGM, in order to ensure that a quorum is present, two employees of the Manager, who are also shareholders of the Company will be present at the Meeting;
- the votes on the resolutions to be proposed at the AGM will be conducted by way of a poll; and
- the Company's Manager will 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](http://www.amatiglobal.com). Following the AGM, results of the voting at the AGM will also be posted here.

**Authority to allot shares**

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

Resolution 12 seeks to renew the Directors' authority to allot shares up to a maximum nominal amount of £1,500,000, representing approximately 25 per cent. of the Company's total issued ordinary share capital as at 30 April 2021 (being the latest practicable date prior to publication of this document). As at 30 April 2021, the Company did not hold any ordinary shares in treasury. The authority will expire at the end of the Annual General Meeting of the Company to be held in 2022, unless previously cancelled or varied by the Company in general meeting.

**Disapplication of pre-emption rights**

Resolution 13, which is being proposed as a Special Resolution, seeks to renew the Directors' authority to allot equity securities, or sell treasury shares, for cash without having to offer such shares to existing shareholders pro-rata to their existing holdings, up to a total nominal amount of £1,500,000, representing approximately 25 per cent. of the Company's total issued ordinary share capital as at 30 April 2021 (being the latest practicable date prior to publication of this document). The authority will expire at the end of the Annual General Meeting of the Company to be held in 2022, unless previously cancelled or varied by the Company in general meeting.

**Authority for the Company to purchase its own shares**

Resolution 14 authorises the Company to purchase up to 14.99 per cent. of the issued ordinary share capital of the Company as at the date of the passing of Resolution 14. As at 30 April 2021 this would equate to approximately 17.7 million ordinary shares. Purchases will be made on the open market at prices in accordance with the terms laid out in Resolution 14. The Board currently intends to cancel those shares purchased. Such authority will expire at the end of the Annual General Meeting of the Company to be held in 2022, unless previously cancelled or varied by the Company in general meeting.

**Adoption of new Articles of Association**

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association

(the 'Existing Articles'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

- (a) provisions enabling the Company to hold shareholder meetings using wholly electronic means (as well as physical shareholder meetings or hybrid meetings);
- (b) amended provisions in relation to the duration of the Company as a VCT. Under the New Articles, the Directors will be required to put forward a resolution for the continuation of the Company as a VCT at the first AGM to be held after the fifth anniversary of the last share allotment carried out by the Company;
- (c) changes in response to the introduction of international tax regimes requiring the exchange of information;
- (d) increasing the limit on aggregate annual Directors' fees from £120,000 to £150,000;
- (e) providing the Directors with the ability to postpone a general meeting in certain circumstances; and
- (f) including a procedure which can be followed in the event an insufficient number of Directors are re-elected at an annual general meeting.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no intention of holding a virtual-only meeting if it can be reasonably avoided and the Board's intention is always to hold a physical AGM provided it is both safe and practical to do so. The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating conditions where physical meetings are prohibited or cannot reasonably be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

These changes reflect current best practice and are intended to relieve certain administrative burdens on the Company. A summary of the principal amendments being introduced in the New Articles is set out in the Appendix to the AGM Notice (on page 72 of this report). Other amendments, which are of a minor, technical or

clarifying nature, have not been summarised in the Appendix.

A copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Manager's website at [www.amatiglobal.com](http://www.amatiglobal.com) from the date of the AGM Notice until the close of the AGM. In the event that the current COVID-19 related restrictions are lifted before the upcoming Annual General Meeting, a hard copy of these documents will be available for inspection at the offices of Dickson Minto W.S., Level 13, Broadgate Tower, 20 Primrose St, London EC2A 2EW until the close of the meeting.

#### Independent Auditor

Following the conclusion of a formal tender process, the Board proposes the re-appointment of BDO LLP as independent auditor to the Company. Accordingly resolutions will be proposed at the AGM for the re-appointment of BDO LLP and to authorise the Directors to agree the independent auditor's remuneration.

#### Substantial Shareholdings

	31 January 2021		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	5,320,529	5%	5,345,964	5%

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

## Directors' Report (continued)

In making this assessment, the directors took into account the nature of the Company's business and Investment Policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of investments. The Company's business activities, together with the factors likely to affect its future development, performance and position including the financial risks the Company is exposed to are set out in the Strategic Report on pages 4 to 25. The Directors have considered in particular the likely economic effects and the effects on the Company's operations of the current COVID-19 pandemic.

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

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist them in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager has considered plausible downside scenarios. These tests included the possible further effects of the continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Investment Manager and the Company's third-party service providers have contingency plans to ensure the continued operation of their business in the event of disruption, such as caused by the impact of COVID-19. The Board is satisfied that there has been minimal impact to the services provided during the year and are confident that this will continue. Furthermore, the Directors are not aware of any material uncertainties

that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements continue to be prepared on the going concern basis.

**Accountability and Audit**

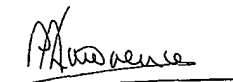
The independent auditor's report is set out on pages 40 to 44 of this report. The directors who were in office on the date of approval of these Annual Report and Financial Statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. 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.



**Peter A. Lawrence**  
Chairman

30 April 2021



# 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. A copy of the AIC Code is publicly available at [www.theaic.co.uk/aic-code-of-corporate-governance](http://www.theaic.co.uk/aic-code-of-corporate-governance).

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.

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

## 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, although the Board does bear in mind the nine year provision relating to independence and length of service included in the AIC Code when looking at Board succession. The Board considers that such continuity and experience can be of significant benefit to the Company and its shareholders.

Highlights

Strategic Report

Reports from the Directors

Financial Statements

Information for Shareholders

## Statement of Corporate Governance (continued)

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: [www.amatiglobal.com](http://www.amatiglobal.com).

**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 2021 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 independent auditor's plan and fees;
- received a report from the independent auditor following their detailed audit work, and discussed key issues arising from that work; 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 25.

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 ten 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 independent auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the Committee considered the auditor's technical knowledge and that it has a clear understanding of the business of the Company; that the audit team is appropriately resourced; that the auditor provided a clear explanation of the scope and strategy of the audit and that the auditor maintained independence and objectivity. As part of the review of auditor effectiveness and independence, BDO LLP has confirmed that it is independent of the Company and has complied with applicable auditing standards. BDO LLP does not provide any non-audit services to the Company and the audit committee must approve the appointment of the independent auditor for any non-audit services. Public interest entities, such as the Company, are required to put the external audit contract out to tender at least every ten years. The Company took advantage of the Financial Reporting Council, Financial Conduct Authority and Prudential Regulation Authority COVID-19 Joint Statement that, among other things was designed to allow companies to focus on the delivery of information to investors and capital markets and allowed future postponement of auditor tenders. The directors therefore decided to delay the audit tender to the year ending 31 January 2022. BDO LLP and prior to their merger PKF (UK) LLP has held office as auditor for a total of 11 years.

Following a thorough tender and evaluation process in April 2021, it was the recommendation of the Audit Committee, and decision of the Board, that BDO LLP be proposed at the AGM for re-appointment as independent auditor to the Company.

### 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 auditor), 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 38 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.

In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

The Board has considered the recommendations of the AIC Code on Corporate Governance concerning gender diversity and welcomes initiatives aimed at increasing diversity generally. The Board 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.

## Statement of Corporate Governance (continued)

**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 2021.

Director	Board meetings		Audit committee meetings		Remuneration committee meetings		Nomination committee meetings	
	held	attended	held	attended	held	attended	held	attended
Peter Lawrence	6	6	2	2	1	1	1	1
Julia Henderson	6	6	2	2	1	1	1	1
Susannah Nicklin	6	6	2	2	1	1	1	1
Brian Scouler	6	6	2	2	1	1	1	1

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**

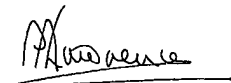
The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Shareholders have the opportunity to meet the Board at the annual general meeting. All shareholders are welcome to attend the meeting and to ask questions of the directors. The Board is 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 continued uncertainty surrounding COVID-19 restrictions at the date of this report and concern for the safety and wellbeing of shareholders and other attendees at the AGM, the Board has decided to conduct only the statutory business at the AGM on 9 June 2021. The Board recognises that this makes it more difficult for shareholders to engage with the Board. The Board and the Company's Manager have organised an online Investor Event to facilitate shareholder engagement, details of which can be found at page 5 of this report.

The Company also communicates with shareholders through annual and half-yearly reports, which appear on the Manager's website: [www.amatiglobal.com](http://www.amatiglobal.com). 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

30 April 2021

Highlights

Strategic Report

Reports from the Directors

Financial Statements

Information for Shareholders

## Directors' Remuneration Report

### Introduction

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

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. The auditor's opinion on these and other matters is included in the Independent Auditor's Report on pages 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 33. The Board, on the recommendation of the remuneration committee, last agreed to increase annual fees with effect from 1 May 2020 when directors' fees were increased by an amount in line with the Consumer Prices Index ("CPI").

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

### Directors' Remuneration Policy

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 2020 and will next be voted on by the members at the AGM in 2023.

In order to provide the Board with more capacity for succession planning, a resolution is being proposed at the forthcoming AGM to increase the cap on Directors' remuneration from £120,000 to £150,000 per annum. There is no current intention to increase Directors' fees materially in the near term, but the new level proposed under the Articles of Association provides extra flexibility in the case, for example, of an additional Board member being appointed prior to the retirement of an existing Director.

### 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	2021 AGM
Julia Henderson	4 May 2018	2021 AGM
Susannah Nicklin	4 May 2016	2021 AGM
Brian Scouler	4 May 2018	2021 AGM

#### Directors' fees for the year (Audited)

The fees payable to individual directors in respect of the year ended 31 January 2021 are shown in the table below.

Director	Total fee for year ended 31 January 2021 £	Total fee for year ended 31 January 2020 £
Peter Lawrence	24,960	24,651
Julia Henderson	22,575	22,295
Mike Killingley*	-	9,131
Susannah Nicklin	22,575	22,295
Brian Scouler	22,575	22,295
	<b>92,685</b>	<b>100,667</b>

\* 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 2021 and the prior year:

	2021 £	2020 £	Percentage increase/ (decrease)
Total dividend paid to shareholders	8,484,193	6,664,751	27.30
Total repurchase of own shares	3,169,737	3,375,680	(6.10)
Total directors' fees	92,685	100,667	(7.93)

#### Annual percentage change in annual remuneration of directors

Year	Peter Lawrence	Julia Henderson	Susannah Nicklin	Brian Scouler
2020-2021	1.26	1.26	1.26	1.26

## Directors' Remuneration Report (continued)

**Directors' shareholdings (Audited)**

The directors who held office at 31 January 2021 and their interests in the shares of the Company (including beneficial and family interests) were:

	31 January 2021		31 January 2020	
	Shares held	% of issued share capital	Shares held	% of issued share capital
Peter Lawrence	859,130	0.74	726,755	0.77
Julia Henderson	17,068	0.01	13,958	0.01
Susannah Nicklin	20,396	0.02	14,558	0.02
Brian Scouler	52,669	0.05	42,289	0.04

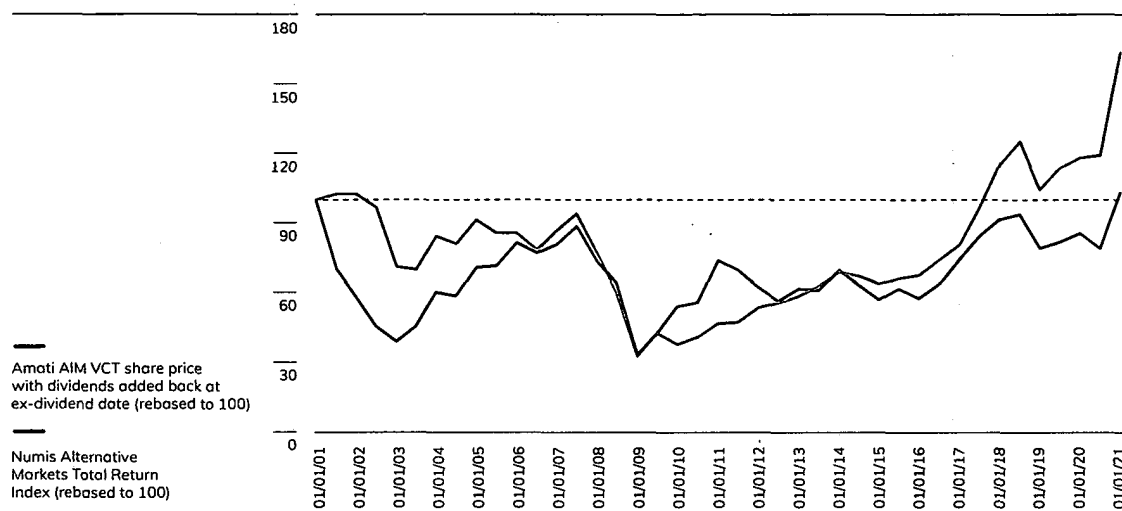
Subsequent to the year end Susannah Nicklin's beneficial interest increased by 1,943 shares under the Top Up Offer.

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 5 June 2020 96.8% of shareholders voted for, 3.2% voted against and 231,697 shares were withheld in respect of the resolution approving the Directors' Remuneration Report and 97.2% of shareholders voted for the Remuneration Policy with 2.8% voting against and 265,394 shares withheld. An ordinary resolution for the approval of the Directors

Remuneration Policy will be put to shareholders at the forthcoming AGM.

On behalf of the Board

**Peter A. Lawrence**  
Chairman

30 April 2021



## 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

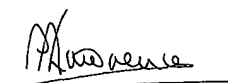
The directors are responsible for ensuring the annual report and the financial statements are made available on a website, this website is maintained by the Manager on behalf of the Company. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom 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

30 April 2021

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

### Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Amati AIM VCT plc (the 'Company') for the year ended 31 January 2021 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).

### Basis for opinion

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

### Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors and subsequently by the shareholders at the AGM on 14 June 2011 to audit the financial statements for the year ending 31 January 2011 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 11 years, covering the years ending 31 January 2011 to 31 January 2021. We remain independent of the Company

in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

The Company took advantage of the Financial Reporting Council, Financial Conduct Authority and Prudential Regulation Authority COVID-19 Joint Statement that, among other things was designed to allow companies to focus on the delivery of information to investors and capital markets and allowed for the postponement of auditor tenders. The directors therefore decided to delay the audit tender to the year ending 31 January 2022.

### Conclusions relating to going concern

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

- Reviewing the forecasted cash flows that support the Directors' assessment of going concern.
- Challenging management's assumptions and judgements made with regards to stress-testing forecasts; and
- Calculating financial ratios to ascertain the financial health of the Company.

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

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

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

**Overview**

	2021	2020
Key audit matters		
Valuation and ownership of investments	✓	✓
Materiality		
£2.1m (2020: £1.3m) based on 1% (2020: 1%) of total investments		

**An overview of the scope of our audit**

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

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

**Key audit matters**

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

**Key audit matter****Valuation and ownership of investments (note 1 and 8)**

We considered the valuation and ownership of investments to be the most significant audit area as investments represent the most significant balance in the financial statements and underpin the principal activity of the entity.

**How we addressed the key audit matter**

We responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures:

In respect of quoted investment valuations (over 99% of the total portfolio by value) we have:

- Confirmed the year end bid price was used by agreeing to externally quoted prices and for all of the investments, assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value.
- Obtained direct confirmation of ownership from the custodian regarding all investments held at the balance sheet date.

In respect of unquoted investment valuations (less than 1% of the total portfolio by value) we have:

- Obtained direct confirmation of ownership from the custodian / investee entity 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.

**Key observations:**

Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments.

## Independent Auditor's Report (continued)

**Our application of materiality**

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

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality,

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

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

	Company financial statements	
	2021 £m	2020 £m
<b>Materiality</b>	2.1	1.3
<b>Basis for determining materiality</b>	1% of Total Investments	
<b>Rationale for the benchmark applied</b>	As a Venture Capital Trust, the value of investments is the key measure of performance	
<b>Performance materiality</b>	1.5	0.982
<b>Basis for determining performance materiality</b>	75% of Materiality based on our knowledge and experience of the client	

We have set a lower testing threshold for those items impacting revenue return of £365,000 which is based on 10% of total expenses.

**Reporting threshold**

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £42,000 (2020: £26,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

**Corporate governance statement**

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

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

Highlights	Strategic Report	Reports from the Directors	Financial Statements	Information for Shareholders
<p><b>Directors' remuneration</b></p> <p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p> <p><b>Matters on which we are required to report by exception</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li> <li>certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>we have not received all the information and explanations we require for our audit.</li> </ul> <p><b>Responsibilities of Directors</b></p> <p>As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>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.</p>	<p><b>Going concern and longer-term viability</b></p> <ul style="list-style-type: none"> <li>The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and</li> <li>The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate.</li> </ul> <p><b>Other Code provisions</b></p> <ul style="list-style-type: none"> <li>Directors' statement on fair, balanced and understandable ;</li> <li>Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;</li> <li>The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and</li> <li>The section describing the work of the audit committee.</li> </ul> <p><b>Other Companies Act 2006 reporting</b></p> <p>Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.</p> <p><b>Strategic report and Directors' report</b></p> <p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>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</li> <li>the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>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.</p>			

## Our responsibilities for the audit of the financial statements

### 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.

### Our responsibilities for the audit of the financial statements in relation to irregularities

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

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

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

- \* agreement of the financial statement disclosures to underlying supporting documentation;
- \* enquiries of management;

- \* testing of journal postings made during the year to identify potential management override of controls
- \* review of minutes of board meetings throughout the period; and
- \* obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

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

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

### Use of our report

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

DocuSigned by:

Peter Smith

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**Peter Smith (Senior Statutory Auditor)**

For and on behalf of BDO LLP,

Statutory Auditor

London, UK

30 April 2021

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's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Income Statement

for the year ended 31 January 2021

	Note	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gain on investments	8	-	69,766	69,766	-	17,525	17,525
Income	2	567	-	567	767	-	767
Investment management fees	3	(799)	(2,398)	(3,197)	(582)	(1,746)	(2,328)
Other expenses	4	(455)	-	(455)	(448)	-	(448)
(Loss)/profit on ordinary activities before taxation		(687)	67,368	66,681	(263)	15,779	15,516
Taxation on ordinary activities	5	-	-	-	-	-	-
<b>(Loss)/profit and total comprehensive income attributable to shareholders</b>		<b>(687)</b>	<b>67,368</b>	<b>66,681</b>	<b>(263)</b>	<b>15,779</b>	<b>15,516</b>
<b>Basic and diluted (loss)/earnings per ordinary share</b>	<b>7</b>	<b>(0.64)p</b>	<b>62.76p</b>	<b>62.12p</b>	<b>(0.29)p</b>	<b>17.63p</b>	<b>17.34p</b>

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 2021

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

for the year ended 31 January 2020

	Non-distributable reserves				Capital reserve (non-distributable)
	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	£'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	-	-	-
Costs of share issues & merger	-	(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

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



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

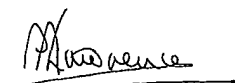
## Balance Sheet

as at 31 January 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Fixed assets			
Investments held at fair value	8	215,398	131,954
<b>Current assets</b>			
Debtors	9	46	273
Cash at bank		24,967	15,091
Total current assets		25,013	15,364
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(2,132)	(994)
Net current assets		22,881	14,370
Total assets less current liabilities		238,279	146,324
<b>Capital and reserves</b>			
Called up share capital*	11	5,780	4,703
Share premium account*		61,635	26,084
Merger reserve*		425	425
Capital redemption reserve*		731	629
Capital reserve (non-distributable)*		107,450	35,762
Special reserve		75,023	86,479
Capital reserve (distributable)		(11,420)	(7,100)
Revenue reserve		(1,345)	(658)
Equity shareholders' funds		238,279	146,324
<b>Net asset value per share</b>	12	206.1p	155.6p

\* These reserves are not distributable.

The financial statements on pages 45 to 49 were approved and authorised for issue by the Board of directors on 30 April 2021 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 2021

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Investment income received*		512	757
Investment management fees	3	(2,796)	(2,239)
Other operating costs		(449)	(444)
Net cash outflow from operating activities		(2,733)	(1,926)
<b>Cash flows from investing activities</b>			
Purchases of investments		(15,991)	(11,104)
Disposals of investments		2,593	9,329
Net cash outflow from investing activities		(13,398)	(1,775)
Net cash outflow before financing		(16,131)	(3,701)
<b>Cash flows from financing activities</b>			
Net cash paid in respect of assets and liabilities of Amati VCT		-	(4)
Merger costs of the Company		-	(14)
Proceeds of share issues*		35,570	16,150
Cost of share issues		(126)	(276)
Payments for share buy-backs		(2,437)	(3,155)
Equity dividends paid*		(7,000)	(6,665)
Net cash inflow from financing activities		26,007	6,036
Increase in cash		9,876	2,335
<b>Reconciliation of net cash flow to movement in net cash</b>			
Increase in cash during the year		9,876	2,335
Net cash at 1 February		15,091	12,756
Net cash at 31 January		24,967	15,091
<b>Reconciliation of Profit on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities</b>			
Profit on ordinary activities before taxation		66,681	15,516
Net gain on investments		(69,766)	(17,525)
Less dividends reinvested		(67)	-
Increase in creditors, excluding corporation tax payable		406	105
Decrease/(increase) in debtors		13	(22)
Net cash outflow from operating activities		(2,733)	(1,926)

\* Net of shares issued and dividends re-invested under the Dividend Re-investment Scheme

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 a period of 12 months from the date these financial statements were approved.

In making this assessment, the Directors have considered in particular the likely economic effects and the effects on the Company's operations of the current COVID-19 pandemic.

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

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist them in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager has considered plausible downside scenarios. These tests included the possible further effects of the continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside scenario, the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

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

#### Segmental Reporting

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

**Judgements and Key Sources of Estimation Uncertainty**

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

The most critical estimates and judgments relate to the determination of carrying value of unquoted investments at fair value through profit or loss. The policies for these are set out in the notes to the financial statements below. The Company values unquoted investments by following the International Private Equity Venture Capital Valuation ("IPEV") guidelines. The estimates and underlying assumptions are reviewed on an ongoing basis. There are no further significant judgements or estimates in these financial statements.

**Income**

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

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

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

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

**Expenses**

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

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

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

**Taxation**

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

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.

## Notes to the Financial Statements (continued)

**1 Accounting Policies (continued)****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. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

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

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

- the shares may be valued by using the most appropriate methodology recommended by the IPEV guidelines, including 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.

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.

## Notes to the Financial Statements (continued)

**2 Income**

	Year to 31 January 2021 £'000	Year to 31 January 2020 £'000
Income:		
Dividends from UK companies	554	718
Interest from deposits	13	49
	<b>567</b>	<b>767</b>

**3 Management Fees**

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

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

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

The investment management fee for the year was as follows:

	Year to 31 January 2020 £'000	Year to 31 January 2019 £'000
Due to the Manager by the Company at 1 February	615	526
Investment management fee charged to revenue and capital for the year	3,197	2,328
Fee paid to the Manager during the year	(2,796)	(2,239)
Due to the Manager by the Company at 31 January	<b>1,016</b>	<b>615</b>

In addition to the investment management fee the Manager also receives a secretarial and administration fee of £95,000 (2020: £93,000) paid quarterly in arrears. As detailed in the Fund Management and Key Contracts on page 19, the original investment management agreement from 2010 was revised and updated in two separate agreements on 30 September 2019, a IMA and a FASSFAA. The FASSFAA's updated fee allowed for the costs incurred by the Manager for fund administration, secretarial services and fund accounting to be fully recovered from the Company where they had not been previously. The fee level in the FASSFAA is subject to an annual increase in line with the retail prices index, with effect from 01 February 2021 the annual increase will be in line with consumer price index. See note 4.

No performance fee is payable in respect of the year ended 31 January 2021 or the year ended 31 January 2020 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 2021 £'000	Year to 31 January 2020 £'000
Directors' remuneration	93	101
Directors' employer's national insurance	4	6
Directors' expenses	-	3
Auditor's remuneration – audit of statutory financial statements	30	24
Administration and secretarial services	94	93
Other expenses	234	221
	<b>455</b>	<b>448</b>

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

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

**5 Tax on Ordinary Activities****5a Analysis of charge for the year**

	Year to 31 January 2021 £'000	Year to 31 January 2020 £'000
Charge for the year	-	-

**5b Factors affecting the tax charge for the year**

	Year to 31 January 2021 £'000	Year to 31 January 2020 £'000
Profit on ordinary activities before taxation	66,681	15,516
Corporation tax at standard rate of 19% (2019: 19%)	12,669	2,948
Effect of:		
Non-taxable dividends	(105)	(136)
Non-taxable gains on investments	(13,255)	(3,330)
Movement in excess management expenses	691	518
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 £3,609,000 (31 January 2020: £2,611,000). These values reflect prospective corporate tax rates of 19% and 17% substantively enacted at the respective balance sheet dates.

## Notes to the Financial Statements (continued)

## 6 Dividends

Amounts recognised as distributions to equity holders during the year:

	2021 Revenue £'000	2021 Capital £'000	2020 Revenue £'000	2020 Capital £'000
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
Second interim dividend for the year ended 31 January 2020 of 4.25p per ordinary share paid on 24 July 2020	-	4,472	-	-
Interim dividend for the year ended 31 January 2021 of 3.50p per ordinary share paid on 27 November 2020	-	4,012	-	-
	-	8,484	-	6,665

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

	2021 Revenue £'000	2021 Capital £'000	2020 Revenue £'000	2020 Capital £'000
Interim dividend for the year ended 31 January 2021 of 3.50p per ordinary share (2020: 3.50p)	-	4,012	-	3,102
Second interim dividend for the year ended 31 January 2020 of 4.25p per ordinary share	-	-	-	4,406
Declared final dividend for the year ended 31 January 2021 of 7.0p per ordinary share (2020: 4.25p)*	-	8,286	-	-
	-	12,298	-	7,508

\* Based on shares in issue on 30 April 2021. 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

	2021			2020		
	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	(687)		(0.64)p	(263)		(0.29)p
Capital	67,368		62.76p	15,779		17.63p
Total	66,681	107,332,617	62.12p	15,516	89,499,311	17.34p

## 8 Investments

	Level 1* £'000	Level 2* £'000	Level 3* £'000	Total £'000
Opening cost as at 1 February 2020	95,106	-	2,100	97,206
Opening investment holding gains/(losses)	36,609	-	(847)	35,762
Opening unrealised loss recognised in realised reserve	(228)	-	(786)	(1,014)
Opening fair value as at 1 February 2020	<b>131,487</b>	-	<b>467</b>	<b>131,954</b>
Analysis of transactions during the year:				
Purchases at cost	16,058	-	-	16,058
Sales proceeds received	(2,287)	-	(93)**	(2,380)
Realised gains on sales	852	-	59	911
Unrealised gains on investments	68,428	-	427	68,855
Closing fair value as at 31 January 2021	<b>214,538</b>	-	<b>860</b>	<b>215,398</b>
Closing cost as at 31 January 2021	107,385	-	2,054	109,439
Closing investment holding gains/(losses) as at 31 January 2021	107,381	-	69	107,450
Closing unrealised loss recognised in realised reserve as at 31 January 2021	(228)	-	(1,263)	(1,491)
Closing fair value as at 31 January 2021	<b>214,538</b>	-	<b>860</b>	<b>215,398</b>
Equity shares	214,538	-	81	214,619
Preference shares	-	-	47	47
CVRs	-	-	732	732
Closing fair value as at 31 January 2021	<b>214,538</b>	-	<b>860</b>	<b>215,398</b>

\* 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 £2,381,000 (2020: £9,542,000) from the sale of investments in the year. The bookcost of these investments when they were purchased was £3,825,000 (2020: £8,981,000). 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.

	2021 £'000	2020 £'000
Realised gains on disposal	<b>911</b>	1,004
Unrealised gains on investments during the year	<b>68,855</b>	16,521
Net gain on investments	<b>69,766</b>	17,525

## Transaction Costs

During the year the Company incurred transaction costs of £nil (31 January 2020: £nil) and £3,000 (31 January 2020: £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**

	2021 £'000	2020 £'000
Receivable for investments sold	-	213
Prepayments and accrued income	46	60
	<b>46</b>	<b>273</b>

**10 Creditors: Amounts Falling due within One Year**

	2021 £'000	2020 £'000
Payable for share buy-backs	1,007	279
Other creditors	1,125	715
	<b>2,132</b>	<b>994</b>

**11 Called Up Share Capital**

	2021 Number	2021 £'000	2020 Number	2020 £'000
Ordinary shares (5p shares)				
Allotted, issued and fully paid at 1 February	94,039,012	4,703	85,549,682	4,278
Issued during the year	23,589,915	1,179	10,890,027	545
Repurchase of own shares for cancellation	(2,039,377)	(102)	(2,400,697)	(120)
At 31 January	115,589,550	5,780	94,039,012	4,703

During the year a total of 2,039,377 ordinary shares of 5p each were purchased by the Company at an average price of 1.55p 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**

	2021			2020		
	Net assets £'000	Ordinary shares	NAV per share pence	Net assets £'000	Ordinary shares	NAV per share pence
Ordinary share	238,279	115,589,550	206.1	146,324	94,039,012	155.6

**13 Significant Interests**

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

	Nominal	% held
Falanx Group Limited	85,000,000	16.2
Polarean Imaging plc	23,571,429	14.4
Ixico plc	5,031,300	10.7
Rosslyn Data Technologies plc	35,274,692	10.4
Fusion Antibodies plc	2,341,463	9.2
Hardide plc	4,521,963	8.5
Block Energy plc	51,136,000	8.3
Rua Life Sciences plc	1,791,000	8.1
One Media iP Group plc	17,714,000	8.0
Diurnal Group plc	9,500,000	6.9
Sosandar plc	12,480,000	6.5
Intelligent Ultrasound plc	15,869,000	5.9
Byotrol plc	25,000,001	5.6
Velocys plc	56,591,476	5.3
Water Intelligence plc	814,660	4.6
Universe Group plc	11,956,199	4.6
Eden Research plc	16,937,750	4.5
Tristel plc	1,844,046	4.0
Ilika plc	5,161,169	3.7
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.

## Notes to the Financial Statements (continued)

**14 Financial Instruments (continued)****Classification of financial instruments**

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

	2021 Book value £'000	2021 Fair value £'000	2020 Book value £'000	2020 Fair value £'000
Assets at fair value through profit or loss				
Investments	215,398	215,398	131,954	131,954
Assets measured at amortised cost:				
Receivable for investments sold	-	-	213	213
Accrued income and other debtors	46	46	60	60
Cash at bank	24,967	24,967	15,091	15,091
Liabilities (amounts due within one year) measured at amortised cost:				
Payable for investments bought	(1,007)	(1,007)	(279)	(279)
Accrued expenses	(1,125)	(1,125)	(715)	(715)
<b>Total for financial instruments</b>	<b>238,279</b>	<b>238,279</b>	<b>146,324</b>	<b>146,324</b>

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 2021				Year ended 31 January 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity shares	214,538	-	81	214,619	131,487	-	81	131,568
Preference shares	-	-	47	47	-	-	47	47
CVRs	-	-	732	732	-	-	339	339
	214,538	-	860	215,398	131,487	-	467	131,954

**Level 3 financial assets at fair value**

	Year ended 31 January 2021					Year ended 31 January 2020				
	Equity shares £'000	Preference shares £'000	Loan stock £'000	CVR £'000	Total £'000	Equity shares £'000	Preference shares £'000	Loan stock £'000	Total £'000	
Opening balance at 1 February	81	47	-	339	467	81	47	-	-	128
Disposal proceeds	-	-	(93)	-	(93)	-	-	(253)	-	(253)
Total net gains recognised in the income statement	-	-	93	393	486	-	-	253	339	592
Closing balance at 31 January	81	47	-	732	860	81	47	-	339	467

**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 to 16. 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 2021 99.60% (31 January 2020: 99.65%) of the Company's investments are traded. A 30% decrease in stock prices as at 31 January 2021 would have decreased the net assets attributable to the Company's shareholders and reduced profit for the year by £64,361,000 (31 January 2020: £39,446,000); 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.

## Notes to the Financial Statements (continued)

**15 Market Risk (continued)**

As at 31 January 2021 0.40% (31 January 2020: 0.35%) 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 2021 would have decreased the net assets attributable to the Company's shareholders and reduced profit for the year by £258,000 (31 January 2020: £140,000); 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**

The Company is not subject to significant interest rate risk on its investments.

**Cash balances**

The Company holds a cash balance at 31 January 2021 of £24,967,000 (2020: £15,091,000). If the level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £249,000 (2020: £150,000). Management proactively manages cash balances. If there were a fall of 1% in interest rates, it would potentially impact the Company by turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase of £249,000 (2020: £150,000).

**17 Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At 31 January 2021, the financial assets exposed to credit risk, representing convertible loan stock instruments, amounts due from brokers, accrued income and cash amounted to £25,013,000 (31 January 2020: £15,329,000). 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 2021, 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 2021 or 31 January 2020.



## 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 2021, these investments were valued at £159,776,000 (31 January 2020: £89,823,000). The directors consider that frequently traded AIM investments with a market capitalisation of greater than £200m represent readily realisable securities. The Company is a closed-end fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

## 19 Currency Risk

The Company's financial instruments include some investments which are denominated in USD and converted to pounds sterling. At 31 January 2021, the financial assets exposed to currency risk amounted to £860,000 (31 January 2020: £466,500). The USD exchange rate at 31 January 2021 is \$1.37295 : £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 80% by value of its investments in VCT qualifying holdings, which are relatively high risk UK smaller companies. In addition at least 30% of new money raised during an accounting period must be invested in qualifying holdings within 12 months of the end of the financial year in which the funds are raised. In satisfying these requirements, the Company's capital management scope is restricted. The Company does have the option of maintaining or adjusting its capital structure by varying dividends, returning capital to shareholders, issuing new shares or selling assets to maintain a certain level of liquidity. There has been no change in the objectives, policies or processes for managing capital from the previous year.

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

## Notes to the Financial Statements (continued)

**20 Capital Management Policies and Procedures (continued)**

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

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

The Company is subject to externally imposed capital requirements:

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

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

**21 Post Balance Sheet Events**

The following transactions have taken place between 31 January 2021 and the date of this report:

- 3,331,689 shares allotted
- 551,570 shares bought back

**22 Related Parties**

The Company retains Amati Global Investors as its Manager. Details of the agreement with the Manager are set out on page 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 2021 shares held	31 January 2021 % shares held	31 January 2020 shares held	31 January 2020 % shares held
Paul Jourdan	631,470	0.54%	421,541	0.45%
David Stevenson	17,583	0.02%	17,583	0.02%

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 55.

## Shareholder Information

### Share Price

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

### Net Asset Value per Share

The Company's net asset value per share as at 31 January 2021 was 206.1p. The Company normally announces its net asset value on a weekly basis. Net asset value per share information can be found on the Amati Global Investors' website: [www.amatiglobal.com](http://www.amatiglobal.com).

### Dividends

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

### Financial Calendar

<b>September 2021</b>	Half-yearly Report for the six months ending 31 July 2021 to be circulated to shareholders
<b>31 January 2022</b>	Year-end

### Annual General Meeting

The Annual General Meeting of the Company will be held on 9 June 2021 at the offices of Amati Global Investors, 8 Coates Crescent, Edinburgh, EH3 7AL starting at 2.00pm. The notice of the meeting, together with the enclosed proxy form, is included at pages 69 to 76 of this report.

**Table of Historic Returns from launch to 31 January 2021 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	93.2%	47.1%	43.7%
Amati VCT plc	24 March 2005	4 May 2018	209.4%	105.9%	38.5%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	71.0%	5.9%	76.0%
Singer & Friedlander AIM 3 VCT*	29 January 2001	n/a	76.2%	32.8%	3.2%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	35.0%	1.0%	-47.3%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-7.9%	-11.6%	60.3%

\* 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 2021	31 January 2020	
Net assets (£'000)	<b>238,279</b>	146,324	(a)
Number of Ordinary shares in issue	<b>115,589,550</b>	94,039,012	(b)
NAV (c = (a/b) * 100)	<b>206.1p</b>	155.6p	(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 2021	31 January 2020	
Closing NAV per share (p)	<b>206.1</b>	155.6	(a)
Closing share price (p)	<b>190.5</b>	144.5	(b)
Discount (c = ((a-b)/a))	<b>7.6%</b>	7.1%	(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 2021	31 January 2020	
Management fee (£'000)	<b>3,197</b>	2,328	
Other administrative expenses (£'000)	<b>455</b>	448	
Total management fee and other administrative expenses (£'000)	<b>3,652</b>	2,776	(a)
Average net assets in the year (£)	<b>174,294,968</b>	133,974,969	(b)
Ongoing charges (c = a/b)	<b>2.1%</b>	2.1%	(c)

### Total Return

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

NAV total return calculation	31 January 2021	31 January 2020	
Closing NAV per share (p)	<b>206.1</b>	155.6	
Add back final dividend for the year ended 31 January 2020 (2019)(p)	<b>4.25</b>	4.0	
Add back interim dividend for the year ended 31 January 2021 (2020)(p)	<b>3.5</b>	3.5	
Compounding effect from re-investing dividends (p)	<b>2.25</b>	0.53	
Re-stated closing NAV per share assuming dividends re-invested (p)	<b>216.1</b>	163.6	(a)
Opening NAV per share (p)	<b>155.6</b>	146.1	(b)
NAV total return ( $c = ((a - b)/b)$ ) (%)	<b>38.9%</b>	12.0%	(c)

## Corporate Information

### Directors

Peter Lawrence  
Julia Henderson  
Susannah Nicklin  
Brian Scouler

### all of:

27/28 Eastcastle Street  
London  
W1W 8DH

### Secretary

**The City Partnership (UK) Limited**  
110 George Street  
Edinburgh  
EH2 4LH

### Fund Manager

**Amati Global Investors Limited**  
8 Coates Crescent  
Edinburgh  
EH3 7AL

### VCT Status Adviser

**Philip Hare & Associates LLP**  
Hamilton House  
1 Temple Avenue  
London  
EC4Y 0HA

### Registrar

**The City Partnership (UK) Limited**  
Suite 2 Park Valley House  
Park Valley Mills  
Meltham Road  
Huddersfield  
HD4 7BH

### Auditor

**BDO LLP**  
55 Baker Street  
London  
W1U 7EU

### Solicitors

**Dickson Minto W.S.**  
16 Charlotte Square  
Edinburgh  
EH2 4DF

### Custodian

**The Bank of New York Mellon SA/NV**  
London Branch  
160 Queen Victoria Street  
London  
EC4V 4LA

## Notice of Annual General Meeting

It is the Board's opinion that all Resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all Resolutions. Any shareholder who is in any doubt as to what action to take should consult an appropriate independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your Shares in the Company, please forward this document, together with the form of proxy, to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**Notice is hereby given that the annual general meeting of Amati AIM VCT plc (the "Company") will be held at the offices of the Manager, Amati Global Investors Limited, 8 Coates Crescent, Edinburgh, EH3 7AL on Wednesday 9 June starting at 2.00p.m (the "Meeting") for the transaction of the following business:**

### ORDINARY BUSINESS

To consider, and if thought fit, to pass the following Resolutions 1 to 12 as Ordinary Resolutions of the Company:

#### Ordinary Resolutions

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the financial year ended 31 January 2021 together with the Independent Auditor's Report thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 January 2021.
4. To approve a final dividend of 7p per share payable on 23 July 2021 to shareholders on the register at 18 June 2021.
5. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor of the Company from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company to be held in 2022 at which financial statements are laid before the Company.
6. To authorise the directors to fix the remuneration of the auditor.

7. To re-elect Peter Lawrence as a director of the Company.
8. To re-elect Susannah Nicklin as a director of the Company.
9. To re-elect Julia Henderson as a director of the Company.
10. To re-elect Brian Scouler as a director of the Company.
11. THAT, pursuant to article 157 of the Company's Articles of Association, the directors be authorised to offer holders of shares in the Company the right to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part as may be determined by the directors from time to time) of any dividend declared in the period commencing on the date of the passing of this Resolution 11 and ending on the fifth anniversary of the passing of this Resolution 11 pursuant to the Company's Dividend Re-investment Scheme.
12. THAT, in substitution for all subsisting authorities to the extent unused, the directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**"), to exercise all the powers of the Company to allot and issue Ordinary Shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal value of £1,500,000, provided that:
  - (i) the authority hereby conferred by this Resolution shall expire (unless previously renewed or revoked) on the earlier of the date of the annual general meeting of the Company to be held in 2022 and the date which is 15 months after the date on which this Resolution is passed;
  - (ii) the directors may make an offer or agreement which would or might require Ordinary Shares to be allotted, or Rights to be granted, after the authorisation had expired; and
  - (iii) the directors may allot Ordinary Shares, or grant Rights, under the authority conferred by this Resolution after authorisation has expired if the Ordinary Shares are allotted, or the Rights are granted, in pursuance of an offer or agreement made by the Company before the authorisation expired.

## Notice of Annual General Meeting (continued)

**SPECIAL BUSINESS**

To consider, and if thought fit, to pass the following Resolution 13 (disapplication of pre-emption rights), Resolution 14 (share buy-backs) and Resolution 15 (adoption of new articles of association) as Special Resolutions of the Company:

**Special Resolutions**

13. THAT, subject to the passing of Resolution 12 set out in the Notice of this Meeting and in substitution for any existing authorities, the directors be and hereby are empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "**Act**") to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560 of the Act) for cash pursuant to the authority given in Resolution 12 set out in the Notice to this Meeting, or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment (that is, that the directors' authority to disapply pre-emption rights is renewed), up to an aggregate nominal amount of £1,500,000. The authority hereby conferred by this Resolution shall expire (unless previously renewed or revoked) on the earlier of the date of the annual general meeting of the Company to be held in 2022 and the date which is 15 months after the date on which this Resolution is passed.
14. THAT, in substitution for existing authorities, the Company be and is hereby empowered to make one or more market purchases within the meaning of Section 701 of the Companies Act 2006 (the "**Act**"); of the Ordinary Shares (either for cancellation or for the retention of treasury shares for future re-issue or transfer) provided that:
  - (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued ordinary share capital of the Company as at the date of this resolution;
  - (ii) the minimum price which may be paid per Ordinary Share is 5p per share, the nominal amount thereof;
  - (iii) the maximum price (exclusive of expenses) which may be paid per Ordinary Share is an amount equal to 105% of the average of the middle market quotation of such Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is to be purchased;
  - (iv) the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2022 and the date which is 15 months after the date on which this Resolution is passed; and
  - (v) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by this Resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Ordinary Shares pursuant to any such contract.
15. THAT, the Articles of Association produced to the Meeting and signed by the chairman of the Meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the Meeting.

By order of the Board

**The City Partnership (UK) Limited**  
Secretary

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

30 April 2021



**Notes**

1. A member entitled to attend and vote at the Meeting convened by the above Notice of Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in the member's place. A proxy need not be a member of the Company.
  2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Meeting. To be valid, the Form of Proxy, together with the power of attorney or other written authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 2.00pm on 7 June 2021 to The City Partnership (UK) Ltd, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH (the "Registrar"). Completion of the Form of Proxy will not prevent you from attending and voting in person.
  3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company at 6.00pm on 7 June 2021 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the time appointed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
  4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Registrar by email to [amativct@city.uk.com](mailto:amativct@city.uk.com) for (an) additional form(s), or you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope. However, please note the restrictions on attendance at this year's AGM as set out in Note 15 below.
- A reply paid Form of Proxy is enclosed with members' copies of this document. To be valid, the Form of Proxy must be sent or delivered to the Registrar at The City Partnership (UK) Ltd, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH or sent to the Registrar by scan and email to [amativct@city.uk.com](mailto:amativct@city.uk.com) (please include Amati AIM VCT plc and your name in the subject line of your email) so as to be received not later than 48 hours before the time appointed for the Meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the Meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
5. Online voting: alternatively, you may vote online by visiting <https://proxy-amati.cpip.io>. You will then need to use your City Investor Number (CIN) and AGM Access Code, which will be provided to shareholders separately. You will then be able to vote online for the AGM. Votes lodged through the online facility must be received by the Registrar not later than 48 hours (excluding non-working days) before the start of the Meeting or any adjournment thereof.
  6. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by The City Partnership (UK) Ltd not later than 48 hours (excluding non-working days) before the start of the Meeting. Instructions on how to vote through CREST can be found by accessing the following website: [www.euroclear.com](http://www.euroclear.com). Please see above at Note 5 for an alternative method of electronic submission of proxies.
  7. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by The City Partnership (UK) Ltd (ID number 8RA57) not later than 48 hours (excluding non-working days) before the time appointed for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the

## Notice of Annual General Meeting (continued)

- Registrar is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. As at 30 April 2021 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 118,369,669 shares of 5p each, carrying one vote each at an annual general meeting of the Company. Therefore, the total voting rights in the Company as at 30 April 2021 are 118,369,669.
  9. Subject to any restrictions placed on attendance at the AGM due to the current COVID-19 pandemic, appointment of a proxy will not preclude a member from subsequently attending, voting and speaking at the Meeting should the member subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
  10. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between the Nominated Person and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
  11. The statement of the rights of members in relation to the appointment of proxies in Notes 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
  12. The Register of Directors' Interests will be available for inspection at the Meeting.
  13. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
    - Calling Amati Global Investors on 0131 503 9115 or emailing [info@amatiglobal.com](mailto:info@amatiglobal.com)

You may not use any electronic address provided either in this Notice or any related documents (including the chairman's letter and Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
  14. A copy of the Notice of the Annual General Meeting and the information required by Section 311A of the Companies Act 2006 is included on the Manager's website.
  15. Given the risks posed by the spread of COVID-19 and in accordance with the provisions of the Articles of Association and Government guidance and regulations, the Company may impose entry restrictions on certain persons wishing to attend the AGM in order to secure the orderly and proper conduct of the AGM. Such restrictions may include preventing attendance at the Meeting in person of shareholders. Other restrictions may be imposed as the chairman of the Meeting may specify in order to ensure the safety of those attending the AGM.
  16. The full terms of the proposed amendments to the Company's existing articles of association (the "Existing Articles") would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions implemented in response to the COVID-19 pandemic. As an alternative, a copy of the proposed new articles of association of the Company (the "New Articles") together with a copy of the Existing Articles marked to show the changes being proposed, will instead be available for inspection on the Manager's website at [www.amatiglobal.com](http://www.amatiglobal.com) from the date of the AGM Notice until the close of the AGM. In the event that the current COVID-19 related restrictions are lifted before the Annual General Meeting, a hard copy of these documents will be available for inspection at the offices of Dickson Minto W.S., Level 13, Broadgate Tower, 20 Primrose St, London EC2A 2EW until the close of the Meeting.

## Appendix

### Summary of the principal amendments to the Company's Articles of Association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 15 to be proposed at the upcoming AGM is approved by shareholders.

**This summary is intended only to highlight the principal amendments to the Existing Articles. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Manager's website at [www.amatiglobal.com](http://www.amatiglobal.com) from the date of the AGM Notice until the close of the AGM.**

#### Hybrid/Virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating conditions where physical meetings are prohibited or cannot reasonably be held. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no intention of holding a virtual-only meeting if it can be reasonably avoided and the Board's intention is always to hold a physical AGM provided it is both safe and practical to do so. The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

#### Duration of the Company

Investments in VCTs are of a long term nature, with the full benefit of the associated tax reliefs being available to subscribers only where they hold their investments for more than five years. As such, the directors believe that once this period has elapsed, there should be an opportunity for Shareholders to consider the future of the Company.

In accordance with the provisions of the Existing Articles, a resolution for the continuation of the Company as a VCT was proposed and approved at the annual general meeting of the Company held in 2020. Under the Existing Articles the next continuation vote is to be proposed at the annual general meeting of the Company to be held in 2025 and at every fifth annual general meeting thereafter.

The New Articles provide that the Board must put forward, at the annual general meeting falling after the fifth anniversary of the last share allotment carried out by the Company, a resolution for the continuation of the Company as a VCT. As with the Existing Articles, if that vote is not passed, the New Articles provide that the Company shall convene a general meeting within nine months at which two special resolutions will be proposed. The first, for the reconstruction or reorganisation of the Company, and the second, only where the aforementioned reconstruction or reorganisation resolution is not passed, for the voluntary winding up of the Company. If neither resolution is passed then the Company will continue as a VCT.

#### International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America (commonly known as the Foreign Account Tax Compliance Act) and all associated regulations and official guidance ("FATCA") imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1 September 2013 (as

replaced by the International Tax Compliance Regulations 2015 (the "Regulations").

It is proposed that the Existing Articles be amended to provide the Company with the ability to require shareholders to co-operate with it so that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA (and consequently having to pay withholding tax to the US Internal Revenue Service). The Existing Articles will also be amended to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.

The Regulations also include the automatic exchange of information regimes brought in by the tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "Common Reporting Standard") which requires VCTs to provide personal information to HMRC on certain investors who purchase their shares. As a result, the Company has to provide information annually to the local tax authority on the tax residency of certain non-UK based certified shareholders and corporate entities.

Therefore, the Existing Articles will also be amended in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations.

#### **Remuneration of Directors**

The New Articles provide that the directors of the Company shall be paid such remuneration (by way of fee) for their services as may be determined by the Board save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate of the remuneration of all of the directors shall not exceed £150,000 per annum. This is an increase of £30,000 from the £120,000 limit in the Existing Articles.

#### **Minor amendments**

The Board is also taking the opportunity to make some additional minor or technical amendments to the Existing Articles, including (i) removing provisions that are no longer relevant to the Company's operations including in relation to the prohibition on the distribution of capital profits while the Company has a notice under section 833 of the Companies Act 2006 in place, Deferred Shares, executive officers and share warrants; (ii) providing the Directors with the ability to require additional security measures to be put in place at general meetings of the Company; (iii) enhancing the powers of the chairman of a general meeting to adjourn a meeting without shareholder consent in certain circumstances, such as where the chair deems it necessary for the safety of those attending; (iv) providing the Directors with the ability to postpone general meetings; (v) clarifying that the consideration (if any) received by the Company upon the sale of any share which is forfeited by a shareholder pursuant to the New Articles will belong to the Company; (vi) simplifying the procedure in relation to the untraced shareholders procedure by removing the requirement for the Company to publish newspaper advertisements and providing that the consideration (if any) received by the Company upon the sale of any share pursuant to the untraced shareholder provisions will belong to the Company; (vii) the inclusion of a procedure in the event an insufficient number of Directors are re-elected at an annual general meeting of the Company; and (viii) providing that the Company's name may be changed by resolution of the Directors.

These changes reflect modern best practice and/or are intended to relieve certain administrative burdens on the Company.

# Amati AIM VCT plc

## Form of Proxy for the Annual General Meeting on 9 June 2021

I/We

(block capitals please)

of

being a member of Amati AIM VCT plc, hereby appoint (see notes 2 and 3)

or failing him/her the chairman of the Meeting to be my/our proxy and exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Amati Global Investors Limited, 8 Coates Crescent, Edinburgh, EH3 7AL on 9 June 2021 at 2.00pm, notice of which was dated 30 April 2021, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

☐ Please indicate by placing an X in this box if this proxy appointment is one of multiple appointments being made (see note 2 overleaf).

Resolution		For	Against	Vote withheld
1	To receive the Directors' Report and Financial Statements together with the Independent Auditor's Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To approve the Directors' Remuneration Policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To approve the Directors' Annual Report on Remuneration for the financial year ended 31 January 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To approve a final dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To re-appoint BDO LLP as auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	To authorise the directors to fix the remuneration of the auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	To re-elect Peter Lawrence as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	To re-elect Susannah Nicklin as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	To re-elect Julia Henderson as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	To re-elect Brian Scouler as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	To renew the authority to offer shares pursuant to the Company's DRIS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	To empower the directors to allot Ordinary Shares up to a maximum aggregate nominal value of £1,500,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	To renew the directors' authority to disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	To authorise the directors to buy back shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	To approve the new Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please refer to the notes overleaf.

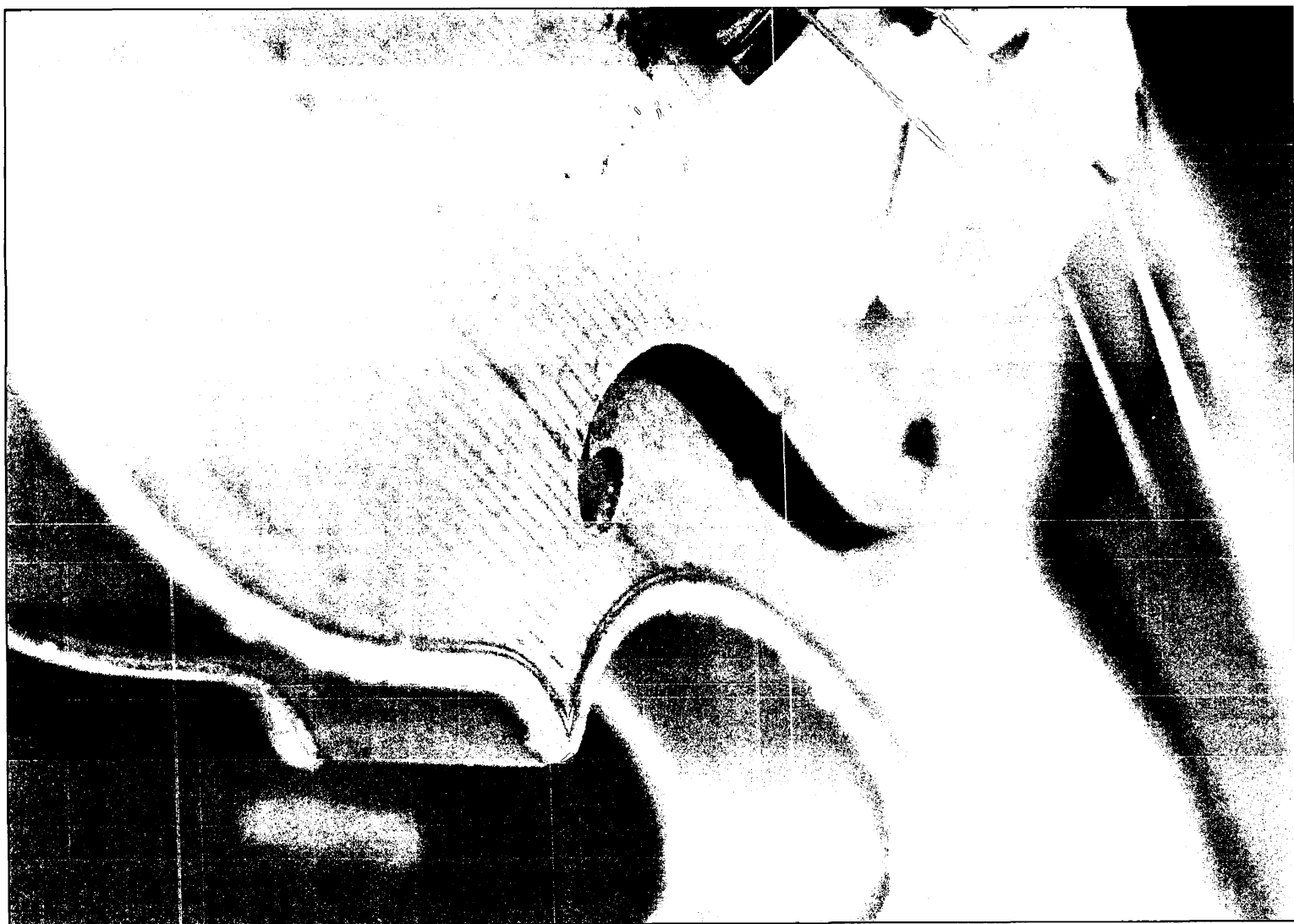
Signed

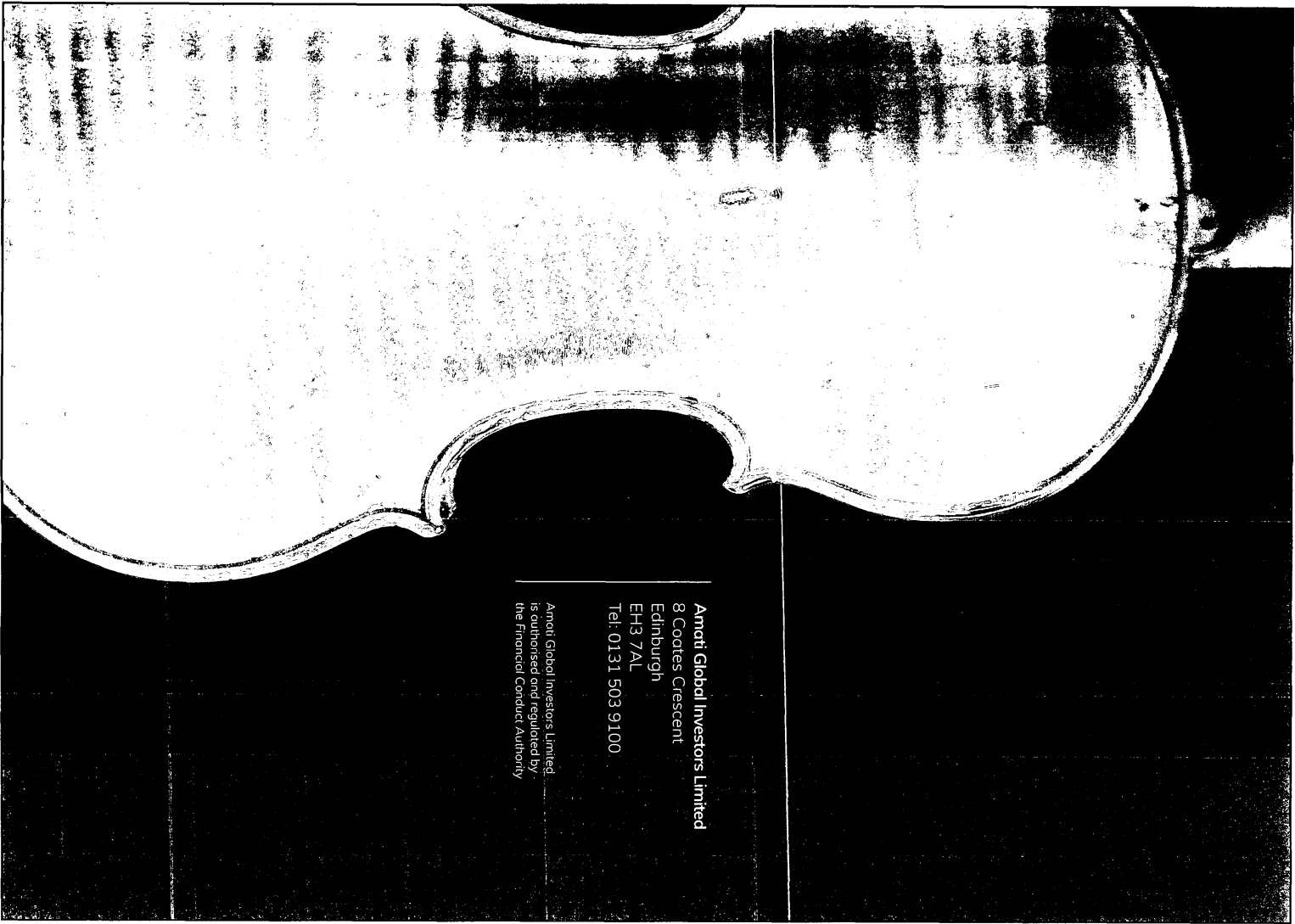
Date

## Amati AIM VCT plc

### Notes relating to Form of Proxy

- 1 The full terms of the proposed amendments to the Company's existing articles of association (the "Existing Articles") would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions implemented in response to the COVID-19 pandemic. As an alternative, a copy of the proposed new articles of association of the Company (the "New Articles") together with a copy of the Existing Articles marked to show the changes being proposed, will instead be available for inspection on the Manager's website at [www.amatiglobal.com](http://www.amatiglobal.com) from the date of the AGM Notice until the close of the AGM. In the event that the current COVID-19 related restrictions are lifted before the Annual General Meeting, a hard copy of these documents will be available for inspection at the offices of Dickson Minto W.S., Level 13, Broadgate Tower, 20 Primrose St, London EC2A 2EW until the close of the Meeting.
- 2 Every member has the right to appoint some other person(s) of the member's choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the Meeting. A member wishing to appoint a person other than the chairman of the Meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialled.
- 3 A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact The City Partnership (UK) Ltd by email to [amativct@city.uk.com](mailto:amativct@city.uk.com) for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which the proxy holder is authorised to act as your proxy. Please also indicate by placing an X in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- 4 Subject to any restrictions placed on attendance at the AGM due to the current COVID-19 pandemic, appointment of a proxy will not preclude a member from subsequently attending, voting and speaking at the Meeting should the member subsequently decide to do so in person.
- 5 Where the Form of Proxy is executed by an individual it must be signed by that individual or his or her attorney.
- 6 Where the Form of Proxy is executed by joint shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
- 7 Where the Form of Proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
- 8 If the Form of Proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the Meeting.
- 9 Online voting: alternatively, you may vote online by visiting <https://proxy-amati.cpip.io>. You will then need to use your City Investor Number (CIN) and AGM Access Code, which will be provided to shareholders separately. You will then be able to vote online for the AGM. Votes lodged through the online facility must be received by the Registrar not later than 48 hours (excluding non-working days) before the start of the Meeting or any adjournment thereof.
- 10 To be valid, the Form of Proxy, together with, if applicable, the power of attorney or other written authority under which it is signed, or a certified copy thereof, must be sent or delivered to the Registrar at The City Partnership (UK) Ltd, Suite 2 Park Valley House, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH or by scan and email to [amativct@city.uk.com](mailto:amativct@city.uk.com) (please include Amati AIM VCT plc and your name in the subject line of the email) to be received as soon as possible, but in any event no later than 2.00pm on 7 June 2021.
- 11 The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the Resolution(s).





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8 Coates Crescent  
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Tel: 0131 503 9100

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