Hargreave Hale
AIM VCT

Cultivating opportunities

Annual report and accounts for Hargreave Hale AIM VCT plc year ended 30 September 2024

Contents

Strategic report

Highlights

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

Financial highlights for the year ended 30 September 2024

Net asset value ("NAV") per share	NAV total return	Tax free dividends paid in the period	Share price total return	Ongoing charges ratio ("OCR")
40.55p	-3.86%(1)	4.00p	0%(1)	2.43%(1)

- **£9.2 million invested in Qualifying Companies in the year.**
- **100% invested by VCT tax value in Qualifying Investments at 30 September 2024.**
- **Final dividend of 1.25 pence per share proposed for the year end and special dividend of 1.50 pence per share approved by the Board.**
- **Offer for subscription closed having raised £20.3 million. The Board decided to utilise the over-allotment facility only to the extent that valid applications were received by 5pm on 22 March 2024.**
- **New Offer for subscription launched on 9 October 2024 to raise up to £20 million.**

Summary financial data	2024	2023
NAV (£m)	**148.01**	151.92
NAV per share (p)	**40.55**	46.34
NAV total return (%)(1)	**-3.86**	-14.70
Market capitalisation (£m)	**142.34**	140.96
Share price (p)	**39.00**	43.00
Share price discount to NAV per share (%)(1)	**-3.82**	-7.21
Share price 5 year average discount to NAV per share (%)(1)	**-5.79**	-5.64
Share price total return (%)(1)	**0.00**	-23.51
Loss per share for the year (p)	**-1.86**	-9.32
Dividends paid per share (p)	**4.00**	5.00
Ongoing charges ratio (%)(1)	**2.43**	2.24

(1) Alternative performance measure definitions and illustrations can be found on pages 92 to 93.

Financial calendar	
Record date for final dividend	3 January 2025
Payment of final and special dividends	14 February 2025
Annual General Meeting	6 February 2025
Announcement of half-yearly results for the six months ending 31 March 2025	June 2025
Payment of interim dividend (subject to Board approval)	July 2025

Chair's statement

Introduction

Once again, I would like to welcome Shareholders who joined us as a result of the recent offers for subscription. As always, we are grateful to new and existing Shareholders who continue to support the VCT, despite the difficult times we continue to live through.

For much of the 2024 financial year, investor sentiment improved as UK inflation (Consumer Price Index) returned to the Bank of England's target of 2%, drawing to a close a 3-year inflation cycle that was very difficult for UK consumers and households and bringing with it hope that the United Kingdom can finally move on from the cost-of-living crisis. The economy has withstood the pressure better than many had predicted. All the same, businesses and households had to navigate an immensely difficult period of high inflation and stagnating economic activity. With inflation now on target and the Bank of England starting to reduce interest rates, many businesses and households can look forward to reduced borrowing costs.

Although the Investment Association continues to report sustained outflows from UK equity funds, there was an improvement in the flow dynamic within UK small companies after the UK economy returned to growth in early 2024 and UK inflation returned to target. More recent updates highlight a deteriorating trend in the run up to the 2024 Autumn Budget as markets responded to the Government's very negative messaging and potential changes to fiscal policy. It is premature to take a definitive position on the impact of the Government's 2024 Autumn Budget on our portfolio companies. Clearly, changes to National Insurance Contributions are going to weigh heavily on certain companies, particularly those in high service, low margin industries such as those in leisure and hospitality. There are a number of portfolio companies that will feel the impact. However, their response is likely to include price increases, less employment and downward pressure on wages as companies look to mitigate the additional tax burden. However, for most our investments, the change will not significantly impact performance. As ever, profits and losses will (for the most part) be determined by the success of management teams as they seek to develop and then commercialise new products and services.

After a period of improving economic activity, the economy notably softened through the summer with economic indicators and news flow clearly signalling that we were working our way through a soft patch. Falls in business and consumer confidence ahead of the budget gave an early indication of the likely impact of higher taxation. That having been said, the significant increase in Government spending announced at the budget is expected to lift the economy in 2025 and 2026, albeit at a cost.

Consistent with our updates of the last few years, generating performance remains very difficult in the short term. Whilst we entered the second half of the financial year with grounds for optimism, the uncertainty created by the election, the potential for a radically different approach to fiscal policy by the new Government and its stark messaging again undermined confidence in UK small companies. Whilst we believe investors still recognise the value opportunity within the UK stock market, and specifically within small companies, many adopted a wait and see approach pending the outcome of the 2024 Autumn Budget. Three years of outflows from UK funds have weighed heavily on performance. We continue to believe that the sector is in deep value territory. There is a saying within the stock market that 'value will out'; unfortunately, it is proving very difficult to forecast when that might happen. For the time being, we will need to remain patient.

The fog of uncertainty that hung over the UK markets ahead of the 2024 Autumn Budget continues to weigh on the primary markets through which companies raise new capital. With valuations so depressed and very little capital available for investment (away from VCTs), very few companies have undertaken an initial public offering ("IPO"). On AIM there were just two VCT qualifying IPOs within the year. Ironically, neither IPO succeeded in raising any funds from the established AIM VCTs. After a difficult third quarter, we are pleased to report a stronger final quarter in which we deployed capital into VCT qualifying companies in line with our revised budget. The improved activity levels have continued into the new financial year and the Investment Manager reports that its network of investment banks and corporate advisers are signalling that interest in IPOs is starting to recover and activity is expected to pick up in 2025.

Performance

As described in more detail in the Investment Manager's report, this has been a third year of difficult performance. After notable rallies in UK small companies (including those on AIM) in late 2023 and the early summer of 2024, the tone in the market changed in late May with the calling of the UK General Election. The final quarter was a difficult one for companies on AIM, in particular those favoured by investors looking for Business Property (IHT) Relief or where investors had accumulated significant gains. Trading volumes on AIM increased by 99% in the 3 months to 30 September 2024 when compared to the same period in 2023 as many investors chose to exit the market. This selling pressure weighed on our portfolio of AIM investments in the final quarter of the financial year and, as a result, we are disappointed to report small losses across the year from that element of the portfolio. There was also a slight downward adjustment to the value of the qualifying investments held in private companies; however, this was not a significant factor in performance more broadly. The portfolio of investments in private companies is quite heavily skewed towards the UK consumer discretionary sector, where peer group valuations remain low.

At 30 September 2024, the NAV per share was 40.55 pence which, after adjusting for the dividends paid in the year of 4.00 pence, gives a NAV total return for the year of -3.86%(1) which compares with +3.90% in the FTSE AIM All-Share Index Total Return (calculated on a dividends Index reinvested basis). The Directors consider this to be the most appropriate benchmark from a Shareholder's perspective, however, due to the range of assets held within the investment portfolio and the investment restrictions placed on a VCT it is not wholly comparable.

The earnings per share total return for the year was a loss of 1.86 pence (comprising a revenue profit of 0.20 pence and a capital loss of 2.06 pence). Revenue income increased by 8.9% to £2.9m as a result of a full-year contribution from the non-qualifying investment grade corporate bonds, unit trust accumulations and bank interest. There was a reduction in the interest accrued on loan note instruments after the Investment Manager (acting on behalf of the VCT) agreed to convert some of the outstanding Kidly loan notes and reduce the balance of accrued interest in exchange for new preference shares in Kidly as part of a refinancing plan. Income received into the revenue account exceeded expenses, resulting in a revenue profit for the year of 0.20 pence per share (FY23: 0.27 pence per share).

The share price decreased from 43.00 pence to 39.00 pence over the reporting period which, after adjusting for dividends paid of 4.00 pence per share, gives a share price total return of nil(1).

Investments

The Investment Manager invested £9.2 million into seven Qualifying Companies during the period. The fair value of Qualifying Investments at 30 September 2024 was £82.8 million (56.0% of NAV) invested in 55 AIM companies and 8(2) unquoted companies. At the year end, the fair value of non-qualifying equities, the IFSL Marlborough UK Micro-Cap Growth Fund and the IFSL Marlborough Special Situations Fund were £12.0 million (8.1% of NAV), £10.4 million (7.0% of NAV) and £9.4 million (6.3% of NAV) respectively, with most of the non-qualifying equities listed within the FTSE 350 and offering good levels of liquidity should the need arise. £19.1 million (12.9% of NAV) was held in short-dated investment grade corporate bonds, £0.7 million (0.4% of NAV) was invested in VanEck Gold Miners UCITS exchange traded fund and £13.7 million(3) (9.3% of NAV) held in cash at the period end (including £8.8m held with the Custodian). Further information can be found in the Investment Manager's report.

Dividend

The Directors continue to maintain their policy of targeting a tax free dividend yield equivalent to 5% of the year end NAV per share (see page 24 for the full policy).

In the 12-month period to 30 September 2024, the Company paid dividends totalling 4.00 pence (2023: 5.00 pence). A final dividend of 1.50 pence (2022: 2.00 pence) in respect of the 2023 financial year was paid on 15 February 2024 and an interim dividend of 1 penny along with a special dividend of 1.50 pence (2023: 1 penny) was paid on 26 July 2024. The payment of the special dividend reflected the receipt of proceeds from the sale of Abcam plc and Instem plc.

A final dividend of 1.25 pence is proposed (2023: 1.50 pence) which, subject to Shareholder approval at the forthcoming AGM, will be paid on 14 February 2025 to ordinary Shareholders on the register on 3 January 2025. A special dividend of 1.50 pence per share has been approved by the Board. The distribution will return to Shareholders the proceeds from various exits and disposals. The special dividend will be paid together with the final dividend on 14 February 2025.

(1) Alternative performance measure definitions and illustrations can be found on pages 92 to 93.

(2) Excluding companies in administration or at risk of administration with zero value.

(3) Net of prepayments and accruals.

Dividend re-investment scheme ("DRIS")

Shareholders may elect to reinvest their dividend by subscribing for new shares in the Company. Further information can be found in the Shareholder Information section on pages 98 to 99.

On 15 February 2024, 1,100,783 ordinary shares were allotted at a price of 44.58 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 26 January 2024, to shareholders who elected to receive shares as an alternative to the final dividend for the year ended 30 September 2023 announced on 19 December 2023.

On 26 July 2024, 2,235,192 ordinary shares were allotted at a price of 42.49 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 5 July 2024, to Shareholders who elected to receive shares as an alternative to the interim and special dividend for the year ended 30 September 2024.

Share buybacks

To maintain compliance with the discount control and management of share liquidity policy, the Company purchased through share buybacks 10,657,350 ordinary shares (nominal value £106,574) during the 2024 financial year at a cost of £4,472,418 (average price: 41.97 pence per share).

As at 17 December 2024, a further 3,559,262 shares have been repurchased post the year end at a cost of £1,361,156 (average price: 38.24 pence per share).

Share price discount

The Company aims to improve liquidity and to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board (see page 24 for the full policy).

We continued to operate the discount control and management of share liquidity policy effectively during the period. As at 30 September 2024, the Company had one and five year average share price discounts of 5.46%(1) and 5.79%(1) respectively.

The Company's share price was trading at a discount of 3.82%(1) as at 30 September 2024 compared to a discount of 7.21%(1) as at 30 September 2023, this being calculated using the closing mid-price of the Company's shares on 30 September 2024 as a percentage of the year end NAV per share, as published on 10 October 2024.

As at 17 December 2024, the discount to NAV was 4.69% of the last published NAV per share.

Offer for subscription

The Directors of the Company announced on 7 September 2023 the launch of an offer for subscription for shares to raise up to £20 million, together with an over-allotment facility of up to a further £20 million. On 22 March 2024, the Company announced it had received valid applications of approximately £20 million. The Board decided to utilise the over-allotment facility only to the extent that valid applications under the offer were received by 5pm on 22 March 2024. The offer closed on 22 March 2024 at 5pm.

The offer resulted in gross funds being received of £20.3 million and the issue of 44.5 million shares.

New offer for subscription

The Directors of the Company announced on 9 October 2024 the launch of a new 2024/2025 offer for subscription for shares to raise up to £20 million. The offer was approved by shareholders of the Company at a general meeting on 12 November 2024.

By 17 December 2024, the Company had allotted 5.9 million shares raising gross proceeds of £2.4 million. As at the date of this document, the Company has received valid applications for a further £0.2 million.

Cost efficiency

The Board reviews costs incurred by the Company on a regular basis and is focused on maintaining a competitive OCR. The year end OCR was 2.43%(1) (FY23: 2.24%(1)) when calculated in accordance with the Association of Investment Companies' ("AIC") "Ongoing Charges" methodology.

The increase in the OCR is principally driven by the fall in the average net assets across the year that followed the drop in the NAV per share and the payment of special dividends. Other material factors include increases in some of the fixed costs of the Company such as the administration, auditor and company secretarial fees, and the increased investment in the IFSL Marlborough UK Micro-Cap Growth Fund and the IFSL Marlborough Special Situations Funds. The Ongoing Charges methodology divides ongoing expenses by average net assets.

(1) Alternative performance measure definitions and illustrations can be found on pages 92 to 93.

Board remuneration

Following a review of Board remuneration, and taking into account peer group analysis and inflation, the Board has agreed to increase its remuneration by 3.2%, effective from 1 October 2024. The annual remuneration of the Chair will increase to £42,500, the independent non-executive directors to £33,000 and the non-independent non-executive director, Oliver Bedford, to £30,500.

An additional fee of £1,500 will continue to be paid to the Chair of the MSPEC. The Chair of the Audit Committee will continue to receive an additional fee of £3,000.

Annual General Meeting

Shareholders are invited to attend the Company's AGM to be held at 12.30 pm on 6 February 2025 at 88 Wood Street, London, EC2V 7QR. The AGM notice is set out on pages 101 to 105.

Those Shareholders who are unable to attend the AGM in person are encouraged to raise any questions in advance with the Company Secretary at HHV.CoSec@jtcgroup.com. The deadline for the advance submission of questions is 5.00 p.m. on 30 January 2025. Answers will be published on the Company's website on 6 February 2025.

Angela Henderson has notified the Board of her intention not to seek re-election as an Independent Non-Executive Director of the Company at the forthcoming AGM. I wish to take this opportunity to thank Angela for her valuable contribution over the years. The Company has decided that, due to the current size of the Board, there is no intention to appoint an additional Non-Executive Director at the present time.

Shareholder engagement

Shareholder engagement is given a high priority by the Board. The Company provides a significant amount of information, including recorded content, about its activities and performance through its website (www.hargreaveaimvcts.co.uk).

The website also allows Shareholders to request (by email) updates on Shareholder events, the performance of the fund (interim management statements, fact sheets and video updates) and information on the Company's fundraising activities.

Reflecting our wish to improve the flow of information to our Shareholders whilst simultaneously reducing costs and waste, we launched a major drive to upgrade and expand our database of Shareholders who opt in for email and digital communications. Please do register your consent with us through the website.

Whilst the Board strongly encourages Shareholders to make use of everything the website has to offer, the Directors recognise that it is not for everyone. Should you prefer, you can of course continue to communicate with the Chair, any other member of the Board or the Investment Manager by writing to the Company, for the attention of the Company Secretary at the address set out on page 100 of this document or by email to HHV.CoSec@jtcgroup.com.

The Board also wants to provide Shareholders with regular opportunities to meet directly with the Directors and the CGAM VCT investment management team. As a result, the Company held four in-person events (including the 2024 Annual General Meeting) and a webinar in the 12 months to 30 September 2024.

The first of these was our annual Shareholder event on 28 November 2024, once again held at Everyman Cinema Broadgate, City of London. The event included a presentation by the Investment Manager covering the 12 months to 30 September 2024, along with presentations, pre-recorded interviews and a panel discussion with several guest speakers and a number of portfolio companies. The event concluded with the screening of a feature film. Summary recordings of the Investment Manager's presentations are available to view on the Company's website (www.hargreaveaimvcts.co.uk).

In the new financial year, we expect to hold 3 in-person events (including the Annual General Meeting) and two webinars. The next Shareholder events include the forthcoming AGM to be held at the Investment Manager's offices at 88 Wood Street, London EC2V 7QR at 12.30 pm on 6 February 2025 and a separate Shareholder webinar at 4.30 pm on Monday 10 February 2025. Shareholders are asked to register their interest in attending Shareholder events through the Company's website (www.hargreaveaimvcts.co.uk) or by emailing aimvct@canaccord.com.

Electronic communications and digital dividends

As ever, we are asking Shareholders to opt in to electronic communications and update their dividend payment preference from cheque to bank transfer.

With this in mind, we intend to bring to a close the use of bank cheques for the payment of dividends. The last dividend payment by bank cheque will be in July 2025. Thereafter, all future dividends will be paid by bank transfer. We are therefore asking all Shareholders currently receiving dividends by bank cheque to provide their bank account details ahead of the payment of the final dividend in respect of the year to 30 September 2025, due in February 2026.

Switching to the digital delivery of Shareholder communications and dividend distributions is more cost efficient, secure and faster whilst also helping to reduce our environmental footprint.

The Company no longer prints and distributes interim reports to Shareholders. The interim results continue to be available for download on the Company's website (www.hargreaveaimvcts.co.uk) and a summary of the results are published via a Regulatory Information Service on the London Stock Exchange. Where necessary, the Administrator can produce and send out a hard copy.

Shareholders are also encouraged to make use of the shareview portal operated by the Registrar, which can be used to monitor their investment, review their transaction history, see information on dividend payments and update their communication preferences.

Electronic voting

Electronic proxy voting is available for Shareholders to register the appointment of a proxy and voting instructions for any general meeting of the Company once notice has been given. This service assists the Company to make further printing and production cost savings, reduce our environmental footprint and streamline the voting process for investors.

Regulatory update

There were no major changes to VCT legislation during the period under review.

Through the Finance Act 2024, the Government extended the sunset clause for the VCT scheme from 5 April 2025 to 5 April 2035, allowing investors to claim income tax relief for subscriptions for new VCT shares for a further 10 years. The Treasury Order was laid before Parliament on 3 September 2024, meaning the sunset clause has now been officially extended to 5 April 2035.

Administration agreement

With effect from 1 October 2024, the administration agreement was novated from CGWL to CGAM. Under the terms of the novation agreement, the administration fees paid by the Company were unchanged at £250,000 (plus VAT). Notwithstanding the novation, CGWL will continue to receive a fee of £30,000 per annum in relation to its appointment as the Custodian. Any future initial or trail commissions paid to Financial Intermediaries will be paid by CGAM.

Consumer duty

The Consumer Duty regulation is designed to improve the standard of care provided by firms that are involved in the manufacture or supply of products and services to retail clients.

As the Company is not regulated by the FCA, it falls outside of the Consumer Duty regulation. However, CGAM and CGWL are regulated companies and were in scope, respectively as the designated manufacturer and distributor of the Company during the financial year. In its capacity as manufacturer, CGAM has conducted a fair value assessment and a target market assessment. Having reviewed both reports, the Board is satisfied that CGAM and CGWL continued to comply with their obligations throughout the period.

As a consequence of the novation of the administration agreement, CGAM became both the designated manufacturer and distributor of the Company with effect from 1 October 2024.

VCT status

I am pleased to report that the Company continues to perform well against the requirements of the VCT Rules and at the period end, the investment test was 100% (2023: 91.65%) against an 80% requirement when measured using HMRC's methodology. The increase in the investment test percentage reflects progress made in deploying capital into Qualifying Companies and the return of capital to Shareholders through the payment of a 1.50 pence per share special dividend on 26 July 2024 following receipt of proceeds from the sale of Abcam plc and Instem plc. The Company satisfied all other tests relevant to its status as a Venture Capital Trust. Further information on these tests can be found on page 25.

Key information document ("KID")

In accordance with the PRIIPs regulations, the Company's KID is published on the Company's website at www.hargreaveaimvcts.co.uk/document-library/.

Risk review

The Board has reviewed the risks facing the Company. Further detail can be found in the principal and emerging risks and uncertainties section on pages 21 to 22.

Outlook

Once again, we have endured a difficult start to the financial year, albeit for very different reasons. The Government's unhelpfully stark messaging in the run up to the budget has weighed on economic activity with GDP data and PMI surveys both highlighting a notable softening in UK economy through the late Summer and Autumn. Measures of UK consumer and business confidence both dipped, suggesting that households and companies were becoming increasingly cautious ahead of and subsequent to the Autumn 2024 Budget. However, in large part due to the very significant increase in public spending expected next year, we expect to see economic activity pick up as we head into next year. The Office for Budget Responsibility forecasts GDP to increase from 1.1% in 2024 to 2.0% in 2025.

The FTSE AIM All-Share Index has been noticeably weak post period end with potential changes to Business Property Relief weighing heavily on the index ahead of the Autumn 2024 Budget. In the end, when viewed through the narrow lens that we apply to the VCT, the budget was substantially better than many had feared. That is not to downplay the pain that many households and businesses will feel. However, the changes to National Insurance Contributions ("NICs"), the source of much post-budget commentary, is unlikely to be a major factor in shaping the outcomes for many of our investments with the impact muted by the spread of investments we hold.

We are pleased to report that deal flow has started to improve. Post period end, we have invested £1.8 million across 3 qualifying investments. We are active on a large number of deals across both public and private markets, including a limited number of IPOs. It is too early to say that the tide has turned decisively but we can see clear evidence that green shoots might finally start to emerge.

David Brock
Chair

17 December 2024

The Company and its business model

The Company was incorporated and registered in England and Wales on 16 August 2004 under the Companies Act 1985, registered number 05206425.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 29 October 2004 and can be found under the TIDM code "HHV". The Company is premium listed.

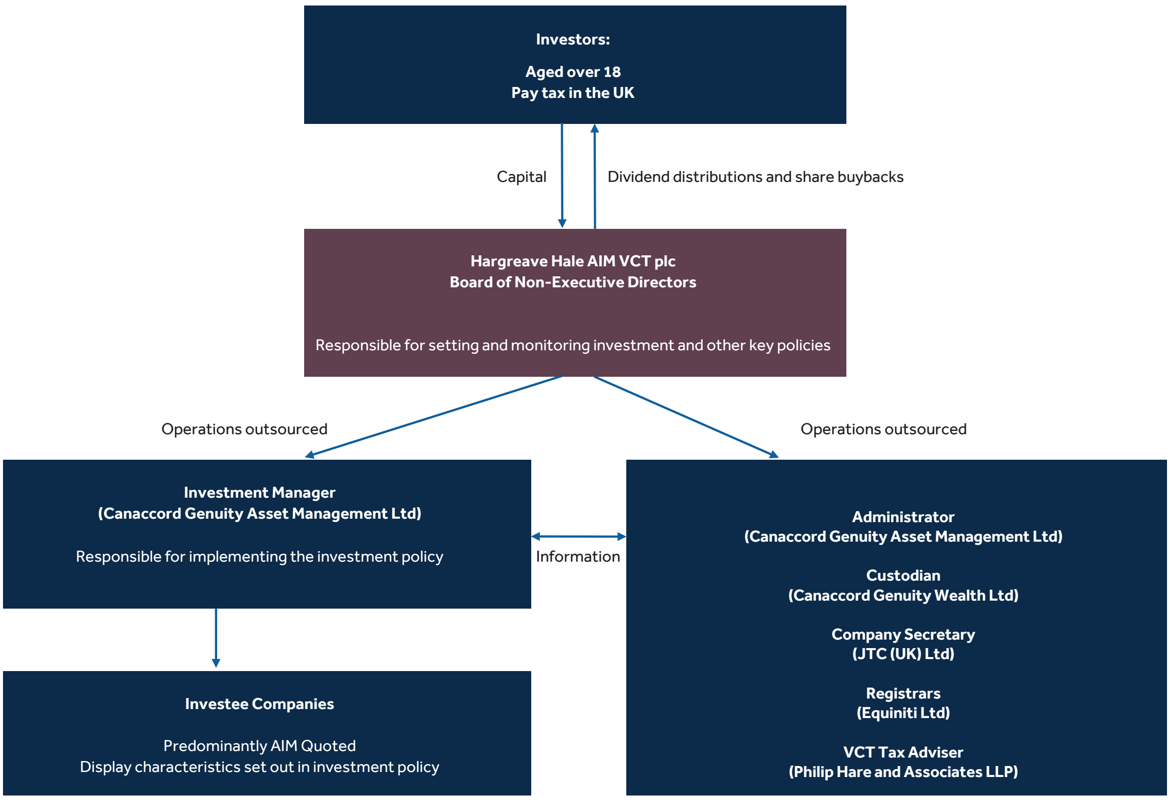
In common with many other VCTs, the Company revoked its status as an investment company, as defined in Section 266 of the Companies Act 1985, on 23 May 2006 to facilitate the payment of dividends out of capital profits.

The Company's principal activity is to invest in a diversified portfolio of qualifying small UK based companies, primarily trading on AIM, with a view to generating capital returns and income from its portfolio and to make distributions from capital and income to Shareholders whilst maintaining its status as a VCT.

The Company is registered as a small UK AIFM with a Board comprising six non-executive directors, five of whom are independent. CGAM acts as Investment Manager and (from 1 October 2024) Administrator, whilst CGWL acts as Custodian (and, until 30 September 2024, the Administrator) of the Company. JTC (UK) Limited is engaged as the Company Secretary.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. However, the Board exercises these responsibilities through delegation to the Investment Manager, the Administrator, the Custodian and the Company Secretary as it considers appropriate.

The Directors have managed and continue to manage the Company's affairs in such a manner as to comply with Section 259 of the Income Taxes Act 2007.



Investment objectives, policy and strategy

Investment objectives

The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to Shareholders whilst maintaining its status as a Venture Capital Trust.

Investment policy

The Company intends to achieve its investment objectives by making Qualifying Investments in companies listed on AIM, private companies and companies listed on the AQSE Growth Market, as well as Non-Qualifying Investments as allowed by the VCT Rules.

Qualifying Investments

The Investment Manager will maintain a diversified portfolio of Qualifying Investments which may include equities and fixed income securities as permitted by the VCT Rules. Investments will primarily be made in companies listed on AIM but may also include private companies that meet the Investment Manager's criteria and companies listed on the AQSE Growth Market. These small companies have a permanent establishment in the UK and, whilst of high risk, will have the potential for significant capital appreciation.

To maintain its status as a VCT, the Company must have 80 per cent. by value, as measured by the VCT Rules, of all of its investments in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued. To provide some protection against an inadvertent breach of this rule, the Investment Manager targets a threshold of approximately 85 per cent.

Non-Qualifying Investments

Non-Qualifying Investments must be permitted by the VCT Rules and may include equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable, the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Growth Fund. Subject to the investment controls below, the allocation to each of these investment classes will vary to reflect the Investment Manager's view of the market environment and the deployment of funds into Qualifying Companies. The market value of the Non-Qualifying Investments (excluding bank deposits) will vary between nil and 50 per cent. of the net assets of the Company.

The value of funds held in bank deposits will vary between nil and 30 per cent. of the net assets of the Company.

Investment controls

The Company may make co-investments in investee companies alongside other funds, including other funds managed by the Investment Manager.

Other than bank deposits, no individual investment shall exceed 10 per cent. of the Company's net assets at the time of investment.

Borrowings

The Articles permit the Company to borrow up to 15 per cent. of its adjusted share capital and reserves (as defined in the Articles). However, it is not anticipated that the Company will have any borrowings in place and the Directors do not intend to utilise this authority.

To the extent that any future changes to the Company's investment policy are considered to be material, Shareholder consent to such changes will be sought. Such consent applies to the formal investment policy described above and not the investment process set out below.

Investment process and strategy

The Investment Manager follows a stock specific investment approach based on fundamental analysis of the investee company.

The Investment Manager's fund management team has significant reach into the market and meets with large numbers of companies each week. These meetings provide insight into investee companies, their end markets, products and services, and competition. Investments are monitored closely and the Investment Manager usually meets or engages with their senior leadership team at least twice each year. Where appropriate, the Company may co-invest alongside other funds managed by the Investment Manager.

The key selection criteria used in deciding which investments to make include, inter alia:

- the strength and depth of the management team;
- the business strategy;
- a prudent approach to financial management and forecasting;
- a strong balance sheet;
- profit margins, cash flows and the working capital cycle;

- barriers to entry and the competitive landscape; and
- the balance of risk and reward over the medium and long term.

Qualifying Investments

Investments are made to support the growth and development of a Qualifying Company. The Investment Manager will maintain a diversified portfolio that balances opportunity with risk and liquidity. Qualifying Investments will primarily be made in companies listed on AIM but may also include private companies and companies listed on the AQSE Growth Market. Seed funding is rarely provided and only when the senior leadership team includes proven business leaders known to the Investment Manager.

Working with advisers, the Investment Manager will screen opportunities, often meeting management teams several times prior to investment to gain a detailed understanding of the company. Investments will be sized to reflect the risk and opportunity over the medium and long term. In many cases, the Investment Manager will provide further funding as the need arises and the investment matures. When investing in private companies, the Investment Manager will shape the investment to meet the investee company's needs whilst balancing the potential for capital appreciation with risk management.

Investments will be held for the long term unless there is a material adverse change, evidence of structural weakness, or poor governance and leadership. Partial realisations may be made where necessary to balance the portfolio or, on occasion, to capitalise on significant mispricing within the stock market.

Non-Qualifying Investments

The Investment Manager's VCT team works closely with the Investment Manager's wider fund management team to deliver the investment strategy when making Non-Qualifying Investments, as permitted by the VCT Rules. The Investment Manager will vary the exposure to the available asset classes to reflect its view of the equity markets, balancing the potential for capital appreciation with risk management, liquidity and income.

The Non-Qualifying Investments will typically include a focused portfolio of direct investments in companies listed on the main market of the London Stock Exchange. The portfolio will mix long term structural growth with more tactical investment to exploit short term mispricing within the market.

The use of the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Fund enables the Company to maintain its exposure to small UK companies whilst the Investment Manager identifies opportunities to invest the proceeds of fundraisings into Qualifying Companies.

The Investment Manager may use certain exchange traded funds listed on the Main Market of the London Stock Exchange to gain exposure to asset classes not otherwise accessible to the Company.

Environmental, social and governance considerations

Approach

The Company regards the development of a clearly defined and integrated ESG management system as an important pillar for the long-term success of its business, as well as for its investee companies.

The Investment Manager believes that companies with strong governance, durable business models and balanced workforces are more likely to create value over the long term whilst reducing investment risk, benefiting the wider UK economy and society and generating positive Shareholder returns.

ESG in the investment process

Holding meaningful stakes in investee companies provides the Investment Manager with the opportunity and responsibility to positively influence investee company behaviour, both at the point of investment and during the time in which the Company is a shareholder.

Due diligence

The Investment Manager assesses ESG factors across the portfolio. For Qualifying Companies, the Investment Manager will use the information provided to develop, over time, an individualised ESG risk map to identify issues and track behavioural themes. The Investment Manager regularly engages with senior management teams and boards to identify and raise issues of note, provide a forum for positive feedback and promote change where necessary.

Engagement, exclusions and divestment policies

As part of its investment strategy, the Company has adopted policies covering exclusions and divestment to describe behaviours that fall outside of the Company's expectations of investee companies. The Investment Manager has adopted an engagement policy to create a clear framework that defines how it will interact with investee companies.

The Investment Manager

The Investment Manager adheres to its own ESG investment and stewardship policies. These include an ESG Policy, an Engagement Policy, a Conflicts of Interest Policy and a Stewardship Policy that, together with the investment mandate and the Company's ESG approach, inform the Company's approach.

CGAM is a signatory of the United Nations Principles of Responsible Investment and HM Treasury's Women in Finance Charter.

Risk management

The structure of the Company's investment portfolio and its investment strategy has been developed to mitigate risk where possible. Key risk mitigation strategies are as follows:

- The Company has a broad portfolio of investments to reduce stock specific risk;
- Flexible allocations to non-qualifying equities, exchange traded funds listed on the Main Market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable, the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Fund allow the Investment Manager to adjust portfolio risk without compromising liquidity;
- Regular meetings with investee companies aid the close monitoring of investments to identify potential risks and allow corrective action where possible; and
- Regular Board meetings and dialogue with the Directors, along with policies to control conflicts of interest and co-investment with the IFSL Marlborough fund mandates support strong governance.

Further information can be found on page 21.

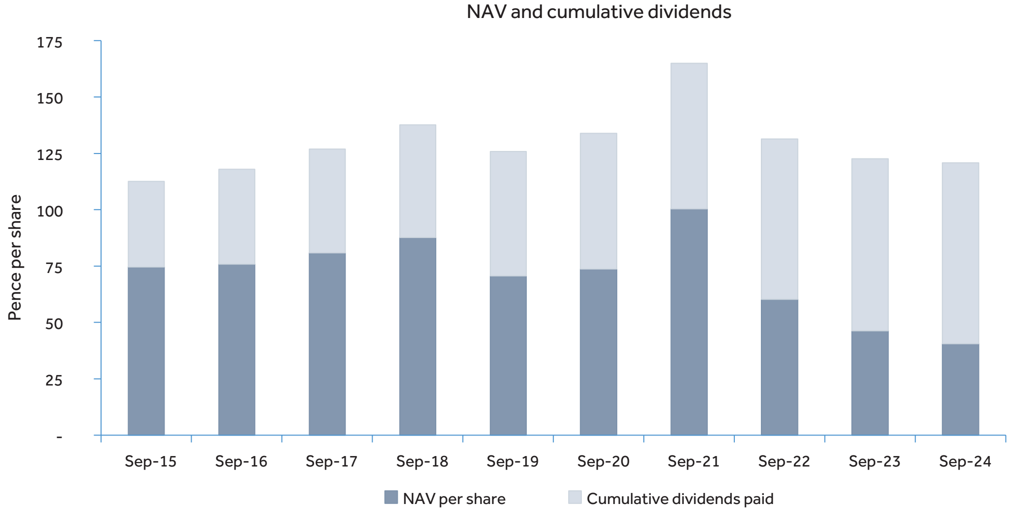
Key performance indicators

The Directors consider the following KPIs to assess whether the Company is achieving its strategic objectives. The Directors believe these measures help Shareholders assess how effectively the Company is applying its investment policy and are satisfied the results give a fair indication of whether the Company is achieving its investment objectives and policy. The KPIs are established industry measures.

Further commentary on the performance of these KPIs has been provided in the Chair's statement and Investment Manager's report on pages 4 to 9 and 28 to 31 respectively.

1 NAV and share price total returns

The Board monitors NAV and share price total return to assess how the Company is meeting its objective of generating capital gains and income from its portfolio and making distributions to Shareholders. The NAV per share decreased from 46.34 pence to 40.55 pence resulting in a loss to ordinary Shareholders of -1.79 pence per share (-3.86%)[1] after adjusting for dividends paid in the year.



The Board considers peer group and benchmark comparative performance. Due to the very low number of AIM VCTs, the Board reviews performance against the generalist VCTs as well as the AIM VCTs to provide a broader peer group for comparison purposes. Performance is also measured against the FTSE AIM All-Share Index Total Return. With 48.3% of the NAV in companies listed on AIM, the Directors consider this to be the most appropriate benchmark. However, HMRC derived investment restrictions and investments in private companies, main market listed companies and bonds mean that the index is not a wholly comparable benchmark for performance.

Rolling Returns to end Sep 2024	1Y	3y	5y	10y
NAV total return[1]	-3.86%	-44.02%	-7.08%	8.33%
Share price total return	0.00%	-41.24%	-3.68%	13.18%
NAV total return (dividends reinvested)[2]	-4.21%	-48.03%	-16.53%	-3.23%
Share price total return (dividends reinvested)[2]	-0.18%	-46.69%	-12.94%	2.41%
FTSE AIM All-Share Index Total Return	3.90%	-39.74%	-9.13%	13.40%

Source: CGAM

(1) Reflecting the significant return of capital through regular and special dividends in recent years, which materially exceeds the dividends paid by the FTSE AIM All-Share Index, the Board is of the view that it is more accurate to report performance against the benchmark on a (simple) total return basis rather than on a dividends re-invested basis. The Board also notes that approximately 90% of Shareholders do not participate in the Company's DRIS scheme, making the simple total return (without dividends reinvested) more reflective of Shareholder returns as experienced by the vast majority of Shareholders. The definition and illustration of this alternative performance measure can be found on pages 92 to 93.

(2) The NAV total return (dividends reinvested) and share price total return (dividends reinvested) measures have been included to improve comparability with the FTSE AIM All-Share Index Total Return which is also calculated on that basis. The definitions and illustrations of these alternative performance measures can be found on pages 92 to 93.

Reflecting the difficult market conditions that continued to weigh on the NAV through the financial year, and in common with the AIM VCT peer group, the Company reported a modest reduction in the NAV per share. The NAV total return fell behind the benchmark over one and three years; however, it remains ahead of the benchmark over five years but behind the average of the AIM VCT peer group over the same time horizons. The steep falls in valuations of companies listed on AIM, which have heavily impacted the performance of the Company and its AIM VCT peers, have not been mirrored in the Generalist VCT sector, which has reported an average gain of +3.47% over the period under review (source: Morningstar). The divergence of performance across the two peer groups is particularly notable across the three years since the start of the bear market with the AIM VCT sector returning an average loss of -42.9% against the average gain within the Generalist VCT sector of +3.35%. AIM has fallen by -39.7% over the same three-year period. It is difficult to account for the strongly divergent performance although the possible use of preferred investment structures not accessible to investors in public companies may account for some of the difference. The steady sell-off of investments on AIM ahead of the 2024 Autumn Budget will have also been a factor.

Further detailed information on peer group performance is available through Morningstar (https://www.morningstar.co.uk) and the AIC (https://www.theaic.co.uk/aic/find-compare-investment-companies).

2. Share price discount to NAV per share

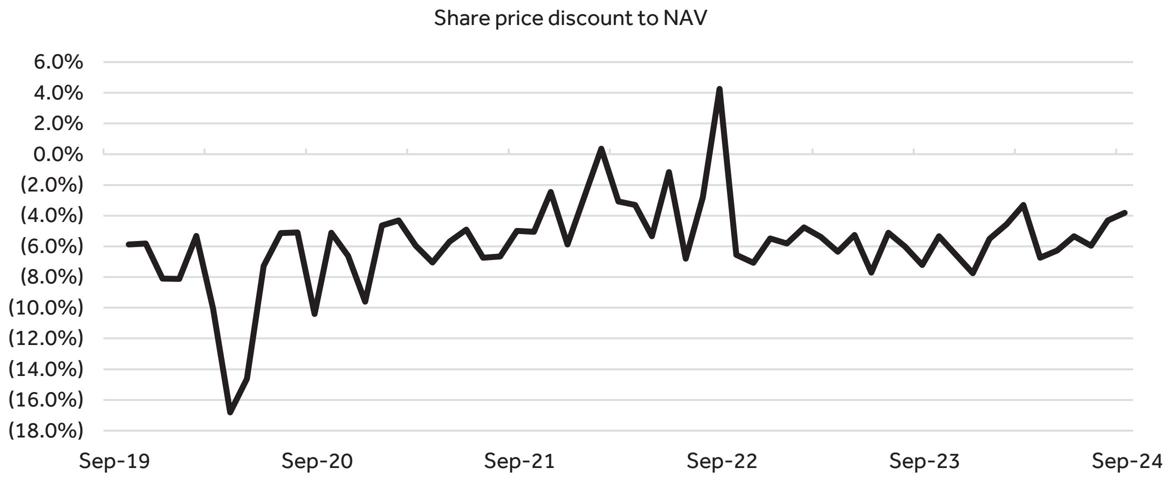
The Company uses secondary market purchases of its shares to improve the liquidity in its shares and support the discount. The discount to NAV per share is an important influence on a selling Shareholder's eventual return. The Company aims to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price).

The Company's shares traded at a discount of 3.82%[(1)] as at 30 September 2024 (2023: 7.21%[(1)]) when calculated with reference to the 30 September 2024 NAV per share. The one and five year average share price discounts were 5.46%[(1)] and 5.79[(1)] respectively.

The Company's shares are priced against the last published NAV per share with the market typically adjusting the price to reflect the NAV after its publication. In line with the Company's valuation policy, the Company aims to publish the quarter end NAV per share within seven business days of the period end to allow time for the Investment Manager and Board to review and agree the valuation of the private companies held within the investment portfolio.

The Company's share price on 30 September 2024 reflected the last published NAV per share prior to the year end, which was released on 1 October 2024. The 30 September 2024 NAV was reported on 10 October 2024, following the review of the valuations of the private companies.

As at 17 December 2024, the discount to NAV was 4.69% of the last published NAV per share.



3. Ongoing charges ratio

The ongoing charges of the Company were 2.43%[(1)] (2023: 2.24%[(1)]) of the average net assets of the Company during the financial year to 30 September 2024.

The increase in the OCR is principally driven by the fall in the average net assets across the year that followed the drop in the NAV per share and the payment of special dividends. Other material factors include increases in some of the fixed costs of the Company such as administration, auditor and company secretarial fees, along with

(1) Alternative performance measure definitions and illustrations can be found on pages 92 to 93.

the increased investment in the IFSL Marlborough UK Micro-Cap Growth Fund and the IFSL Marlborough Special Situations Funds. The Ongoing Charges methodology divides ongoing expenses by average net assets.

The Company's OCR remains competitive against the wider VCT industry but marginally higher than the other AIM VCTs. This ratio is calculated using the AIC's "Ongoing Charges" methodology and, although based on historical information, it provides Shareholders with an indication of the likely future cost of managing the fund.

Cost control and efficiency continues to be a key focus for the Board. Although the OCR increased within the year, the Board is pleased to report that the Company's expenses incurred within the year were below budget.

4. Dividends per share

The Company's policy is to target a tax free dividend yield equivalent to 5% of the year end NAV per share. The Board remains committed to maintaining a steady flow of dividend distributions to Shareholders.

A total of 4.00 pence per share (2023: 5.00 pence) of dividends was paid during the year, comprising a final dividend of 1.50 pence in respect of the previous financial year (2022: 2.00 pence) paid on 15 February 2024, a special dividend of 1.50 pence per share paid on 26 July 2024 and an interim dividend of 1 penny (2023: 1 penny) also paid on 26 July 2024.

A final dividend of 1.25 pence per share will be proposed at the forthcoming AGM. If approved by Shareholders, the payment of the interim, final and special dividends in respect of the financial year to 30 September 2024 would represent a distribution to Shareholders of 9.2% of the 30 September 2024 NAV per share. A special dividend of 1.50 pence per share has been approved by the Board. The distribution will return to Shareholders proceeds from various exits and disposals. The special dividend will be paid together with the final dividend on 14 February 2025.

The below table demonstrates how the Board has been able to consistently pay dividends in line with the 5% target and the Company's dividend policy.

Dividends paid/payable by financial year

Year	Year end NAV	Dividends	Yield	Additional information
	pence per share			
2010/11	61.14	4.00	6.5%	
2011/12	61.35	3.25	5.3%	
2012/13	71.87	3.75	5.2%	
2013/14	80.31	4.25	5.3%	
2014/15	74.64	4.00	5.4%	
2015/16	75.93	4.00	5.3%	
2016/17	80.82	4.00	4.9%	
2017/18	87.59	5.40	6.2%	Including special dividend of 1 penny.
2018/19	70.60	3.75	5.3%	
2019/20	73.66	5.40	7.3%	Including a special dividend of 1.75 pence.
2020/21	100.39	7.40	7.4%	Including a special dividend of 2.50 pence.
2021/22	60.19	3.00	5.0%	
2022/23	46.34	4.50	9.7%	Including a special dividend of 2.00 pence.
2023/24	40.55	3.75	9.2%	Including a special dividend of 1.50 pence and proposed final dividend of 1.25 pence.

5. Compliance with VCT Rules

A VCT must be approved by HMRC at all times and, in order to retain its status, the Company must meet a number of tests as set out by the VCT Rules, a summary of which can be found on page 25. Throughout the year ended 30 September 2024 the Company continued to meet these tests.

The investment test increased from 91.65% to 100% in the financial year. The increase in the investment test percentage reflects progress made in deploying capital into Qualifying Companies and the return of capital to Shareholders through the payment of a 1.50 pence per share special dividend on 26 July 2024 following receipt of proceeds from the sale of Abcam plc and Instem plc. The investment test remains comfortably ahead of the 80% threshold that applies to the Company and ahead of the target of 85% as set out in the Company's investment policy.

The Company invested £9.2 million into seven Qualifying Companies, three of which were investments into new Qualifying Companies.

The Board believes that the Company will continue to meet the HMRC defined investment test and other qualifying criteria on an ongoing basis.

For further details please refer to the Investment Manager's report on pages 28 to 31.

Section 172 statement

Under Section 172, the Directors have a duty to promote the success of the Company for the benefit of its Shareholders as a whole, and in doing so to have regard to a number of matters including the interests of its employees, suppliers and customers and the impact of the Company's operations on the community and the environment.

This section sets out how the Directors meet their obligations under Section 172. It provides a summary of how the Directors build and maintain strong relationships with the Company's key stakeholders, how they understand their interests and concerns and how the strength of these relationships is contributing to the Company's success. Within the reporting year, the Board continued to engage with its key stakeholders.

In 2023, the Board reviewed and identified its key stakeholders, being shareholders, the Investment Manager, investee companies, key suppliers and professional advisers, distributors, and government agencies, regulators and industry associations. These stakeholders did not change during the financial period. The Company continues not to have any employees or customers.

This Section 172 statement should be read with the other contents of the Strategic Report on pages 3 to 38.

Purpose

Hargreave Hale AIM VCT plc aims to support UK investors to fulfil their longer-term financial goals through the effective delivery of its investment objectives, namely by providing financial capital to support growing, innovative businesses across the UK.

Shareholders

The Board remains strongly committed to prioritising Shareholders and considers active Shareholder engagement as being central to its understanding of Shareholder interests and concerns, in order to ensure their continued support of and investment in the Company. As a result, the Board seeks to have an open, ongoing and positive dialogue with Shareholders.

Reflecting Shareholder requests to increase access for those unable to travel to London for in-person events or attend during the working day, the Investment Manager increased the number of Shareholder events to four, including a first event outside of London, two evening events and the first Shareholder webinar. With the Shareholder webinar reaching a wider audience at a substantially lower cost than the event in Manchester, the Investment Manager plans to hold two in-person events in London (one at the Investment Manager's office and one at Everyman Cinema Broadgate, London) and two webinars over the course of the 2025 financial year.

Additional Shareholder updates, CEO interviews and other economic updates were produced with members of the Investment Manager's team and have been posted on the Company's website.

During the year, the Company also provided Shareholders with regular reports on performance, investment activity, governance, and compliance with HMRC legislation through weekly NAV announcements, monthly factsheets, quarterly interim management statements, the interim report and the audited annual report. These reports, together with further background information regarding the Company, can be found on the Company's website.

In addition, Shareholders had several channels through which they could ask questions of, or raise matters with, the Investment Manager, the Board, the Administrator, the Company Secretary or the Registrar (details can be found on the Company's website). Enquiries were addressed internally or via escalation to the Board, as necessary.

The Board continued last year's focus to make the Company's processes more efficient, minimise costs for Shareholders and reduce its environmental footprint associated with the production of the annual reports, circulars, and prospectuses. Post year end, the Company ran a campaign ('more informed, less waste') to encourage Shareholders to elect (through the website) to receive electronic communications from the Company. Currently, about one third of Shareholders have signed up.

Key decisions:

- close the 2023/2024 Offer for subscription having successfully raised £20.3m;
- payment of dividends totalling four pence per share;
- continue the share buy-back programme in support of the discount control policy and to improve liquidity in the Company's shares;
- increase Shareholder access to the Investment Manager and the Board; and
- run a campaign to improve the adoption of digital communications.

Impacts:

- support the delivery of the Company's purpose, investment objectives and key policies as set out in this report and elsewhere;
- increase Shareholder engagement, transparency, accountability and understanding; and
- substantially reduce the costs and environmental footprint.

Investment Manager

The Investment Manager is responsible for the successful delivery of the Company's investment policy under a discretionary mandate. A transparent and open working relationship between the Board and the Investment Manager is, therefore, fundamental to the successful operation of the Company. During the year, the Board and its sub-committees maintained close and frequent contact with the CGAM VCT fund management team. Oliver Bedford is a Board member, the lead fund manager, and an employee of CGAM and a key link between the Company and the Investment Manager and the Administrator. He and other representatives of the Investment Manager attended all Board meetings and sub-committee meetings, where appropriate, thus ensuring a regular and constructive dialogue on issues of a strategic and material nature. Less formal communications were adopted for more operational issues or those that required the Board's immediate attention.

The Board retains overall responsibility for the Company's portfolio of investments and risk management. Throughout the reporting period, the Board received detailed reports from the Investment Manager, including commentary on portfolio performance and positioning, which enabled the Directors to oversee the delivery of the Company's investment policy and upon which it relied to make its key decisions.

Through the MSPEC, the Board undertakes an annual review of the Investment Manager. The most recent review was held on 12 November 2024 to cover the financial year to 30 September 2024.

Key decisions:

- retain CGAM as the Investment Manager; and
- review the ESG features of the investment process.

Impacts:

Through engagement with the Investment Manager, the Board is able to:

- oversee the execution of the Company's key policies;
- monitor progress with the deployment of capital into qualifying companies;
- review the valuation of the Company's investments in unquoted assets;
- receive updates on the key drivers of performance;
- monitor compliance with VCT Rules and FCA regulations, including the Consumer Duty;
- receive updates on regulatory, governance and public affairs matters; and
- identify, monitor and (where applicable) mitigate other risk factors that may impact the Company.

Investee companies

The Company's performance is directly linked to the performance of its underlying investee companies. Through the IMA, the Board has delegated the monitoring of its portfolio companies to the Investment Manager, which directly engages with senior management teams and boards of investee companies through meetings, updates, site visits and through other diligence work.

As a significant shareholder in investee companies with a delegated authority to vote on shareholder resolutions, the Investment Manager is able to engage with and positively influence investee company behaviour, both at the point of investment and during the time in which the Company is a shareholder. This allows the Investment Manager to identify and raise issues of note, provide a forum for positive feedback, and promote change where necessary.

The Investment Manager has a strong record of voting on shareholder resolutions on behalf of the Company. Within the year under review, the Investment Manager voted on more than 98% of the available resolutions.

The Board believes that responsible investment, executed through constructive and appropriately calibrated engagement with investee companies, underpins the successful delivery of the investment policy over the long-term. During the reporting period, the Board received regular updates from the Investment Manager on its engagement with investee companies. The Board accompanied the

Investment Manager on site visits to two of the portfolio companies (Gousto and Science in Sport).

Key decisions:

- delegate authority to vote on shareholder decisions to the Investment Manager.

Impacts:

Active engagement programmes create the forum for:

- active monitoring of governance in investee companies;
- promoting good corporate behaviours in investee companies; and
- advocating for ESG-related initiatives where they are seen to be value accretive or reducing risk.

Key suppliers and professional advisers

As the Company does not have any employees or premises of its own, it depends on outsourcing its operations to key third party suppliers and for those suppliers to run efficient operations on its behalf. Given this reliance, the Board seeks to have an open and constructive relationship with all service providers.

Responsibility for the management of the Company's key suppliers is led by the MSPEC, which meets bi-annually. Throughout the year, the Board received a comprehensive overview of the support functions provided by its service providers through a combination of written reports and attendance at MSPEC meetings. In particular, the MSPEC reviewed information provided by key suppliers confirming that they appropriately manage cyber risks, data protection and business continuity programs, together with reviewing information on their governance structures, insurance cover, controls and culture. In addition, the Board approved a new Procurement Procedure which included introducing standardised due diligence and risk assessments for engaging all new third-party suppliers.

Following advice from the Company's legal advisers, the Board approved and refreshed the Company's Privacy Notice which sets out how the Company processes personal information. The most up-to-date notice can be found on the Company's website. The Board also reviewed the Company's corporate and operating policies as part of an annual review.

The Company operates within a complex legal, financial, tax and regulatory environment. Engaging specialist, professional advisers provides the Board with appropriate support as it considers complex and technical factors, designs and implements the Company's policies and monitors compliance with its regulatory obligations. During the year, the Board and Investment Manager received quarterly in-person updates and ad hoc advice, as appropriate, compliance status reports and annual training from the Company's professional advisers.

During the year, the Board visited the Administrator in Blackpool and approved the transfer of the administration team from CGWL to CGAM and related novation of the Administration Agreement.

Key decisions:

- retain CGWL as the Administrator (subsequently novated to CGAM);
- introduce a new Procurement Procedure for all new third-party suppliers;
- refresh the Privacy Notice;
- retain Philip Hare & Associates LLP as the Company's tax adviser; and
- appoint Howard Kennedy LLP as the Company's sponsor and legal adviser in advance of the prospective 2024/25 Offer.

Impacts:

Through the review process, the MSPEC is able to:

- evolve policies to reflect regulatory changes;
- monitor service level agreements; and
- review contracts to ensure they provide value for money to Shareholders.

Specialist professional advice supports positive compliance outcomes and informs decision making.

Distributors

Working alongside the Investment Manager and the Receiving Agent, the Company's distributors promote the Company to financial intermediaries and investors when the Company is raising funds for investment through offers for subscription. Through the IMA and, where applicable, an Offer Agreement, the Board delegates responsibility for this to the Investment Manager and Receiving Agent.

The Investment Manager maintained close contact with key distributors throughout the year, provided in-person performance updates and listened to feedback. The Investment Manager reported this feedback to the Board, along with any recommendations. The Board also received an update on the impact of compliance with the Consumer Duty principle.

Key decisions:

- review the implementation of Consumer Duty by CGAM and CGWL.

Impacts:

- improved understanding of costs and value within the distribution chain;
- improved understanding of services provided by distributors; and
- provided more opportunities for feedback from Shareholders and their advisers.

Government agencies, regulators and industry associations

Governments, regulators, and industry associations determine legislation and shape the business and policy environment the Company operates in. The Board is committed to having an open, cooperative, and constructive relationship with regulators and Government agencies, supporting relevant industry associations, providing evidence to support the VCT scheme and engaging in policy reviews and initiatives to improve the operation of the scheme. The Company is a member of the AIC and the VCTA and attended events held by both bodies. Oliver Bedford is a member of the VCTA Policy Committee. The Company is also represented on the VCTA Marcomms Committee. In particular, representations were made through the AIC and VCTA to Government agencies to advocate for the extension of the 'sunset clause' to 2035 (now adopted into UK legislation).

Key decisions:

- continue to actively engage with policymakers through memberships of industry associations.

Impacts:

Our involvement:

- assisted the industry in successfully achieving the extension of the VCT 'sunset clause' to 2035; and
- helped to maintain support for VCTs from within government departments, including HMRC and HMT, and industry associations.

Principal and emerging risks and uncertainties

The Directors acknowledge that they are responsible for the effectiveness of the Company's risk management and internal controls and periodically review the principal risks faced by the Company. The Board may fulfil these responsibilities through delegation to CGAM and CGWL as it considers appropriate. The principal risks facing the Company, together with mitigating actions taken by the Board, are set out below:

Risk	Potential consequence	How the Board mitigates risk	Changes during the year
Venture Capital Trust approval risk. The Company operates in a complex regulatory environment and faces a number of related risks. A breach of Section 259 of the Income Taxes Act 2007 could result in the disqualification of the Company as a VCT.	Loss of VCT approval could lead to the Company losing its exemption from corporation tax on capital gains, Shareholders losing their tax reliefs and, in certain circumstances, being required to repay the initial tax relief on their investment.	To reduce this risk, the Board has appointed an Investment Manager with significant experience in the management of venture capital trusts. The Investment Manager regularly provides the Board with written and verbal reports. The Board also appointed Philip Hare & Associates LLP to monitor compliance with regulations and provide half-yearly compliance reports to the Board.	No change.
Investment risk. Many of the Company's investments are held in small, high risk companies which are either listed on AIM or privately held.	Investment in poor quality companies could reduce the capital and income return to Shareholders. Investments in small companies are often illiquid and may be difficult to realise.	The Board has appointed the Investment Manager which has significant experience of investing in small companies. The Investment Manager maintains a broad portfolio of investments across a wide range of industries and sectors. Individual Qualifying Investments rarely exceed 5% of net assets. The Investment Manager holds regular company meetings to monitor investments and identify potential risk. The VCT's liquidity is monitored on a regular basis by the Investment Manager and reported to the Board quarterly and as necessary.	No change. The UK economy is forecast to grow by 2.0% in 2025 (source: Office for Budget Responsibility). The Bank of England is expected to continue to reduce interest rates. In both cases, this should improve consumer and business confidence and encourage investment into growth. Offsetting this, the Autumn Budget 2024 introduced a significantly tighter fiscal policy that will increase the cost of employment, limit private sector wage growth, depress profitability and reduce investment by the private sector. Whilst changes to Business Property Relief may make AIM less attractive to investors seeking to mitigate Inheritance Tax, the Budget and the recent extension of Sunset Clause confirmed the Government's support for two important groups of investors on AIM.
Compliance risk. The Company is required to comply with the FCA UK Listing Rules and the Disclosure Guidance and Transparency Rules, the Companies Act 2006, Accounting Standards, the General Data Protection Regulation and other legislation. The Company is also a small registered UK AIFM and has to comply with the requirements of the AIFM Directive.	Failure to comply with these regulations could result in a delisting of the Company's shares, financial penalties, a qualified audit report and/or loss of Shareholder trust.	Board members have considerable experience of operating at senior levels within quoted businesses. They have access to a range of advisers including solicitors, accountants and other professional bodies and take advice when appropriate. CGWL provides compliance oversight to both the Administrator and the Investment Manager and reports to the Board on a quarterly basis.	No change.
Operational risk and outsourcing. Failure in the Investment Manager, Administrator, Custodian, Company Secretary or other appointed third-party systems and controls or disruption to their respective businesses as a result of operational failure, environmental hazards or cyber security attacks.	Failures could put the assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or Shareholders. Quality standards may be reduced through lack of understanding or loss of control.	The Company has in place a risk matrix and a set of internal policies which are reviewed on a regular basis. It has written agreements in place with its third-party service providers. The Board receives regular reports from the Investment Manager, Administrator and Custodian to provide assurance that they operate appropriate control and oversight systems	No change.

Risk	Potential consequence	How the Board mitigates risk	Changes during the year
		and have in place training and other defence measures to mitigate the risk of cyber attack. Additionally, the Board receives a control report from the Registrars on an annual basis. Where tasks are outsourced to other third parties, reputable firms are used and performance is reviewed periodically by the MSPEC.	
Key personnel risk. A change in the key personnel involved in the management of the portfolio.	Potential impact on investment performance.	The Board discusses key personnel risk and resourcing with the Investment Manager periodically. To mitigate this risk, the VCT team within the Investment Manager has a large team comprising two fund managers, a portfolio manager, an investment analyst and a legal counsel.	No change.
Exogenous risks such as economic, political, geopolitical financial, climate change and health. Economic risks include recession and sharp changes in interest rates. Political risks include a change in government policy causing the VCT scheme to be brought to an end, changes to economic or fiscal policy or the introduction of tariffs or other restrictions that might impact upon a company's operational model, reduce revenues, depress profit margins and increase the cost of capital. Geopolitical risks include the impact of wars or conflicts. Climate change presents environmental, geopolitical, regulatory and economic risks. Health risks include the possibility of another pandemic.	Instability or changes arising from these risks could have an impact on stock markets and the value of the Company's investments so reducing returns to Shareholders. Companies may face restrictions on emissions, water consumption and increased risk of environmental hazards.	Regular dialogue with the Investment Manager provides the Board with assurance that the Investment Manager is following the investment policy agreed by the Board and appraises the Board of the portfolio's current positioning in the light of prevailing market conditions. The Company's investment portfolio is well diversified and the Company has no gearing. The Board regularly reviews investment test forecasts and liquidity analysis, including under stress scenarios, to monitor current and anticipate future performance against HMRC legislation and to ensure the Company has, and will continue to have, access to sufficient liquidity and distributable reserves to maintain compliance with its key policies. The Board keeps abreast of current thinking through contact with industry associations and its advisers. The Investment Manager undertakes a review of ESG factors as part of the investment process. Climate change, or the need to limit its impact, will result in technological innovation as young companies seek to develop solutions and create opportunities for value creation for existing or new Qualifying Companies.	No change. On 3 September 2024, a Treasury Order was laid before Parliament extending the sunset clause until 5 April 2035. The Bank of England has started to reduce interest rates, decreasing the cost of debt for companies and households. Interest rates are expected to fall further during 2025. However, the wars in Ukraine and the Middle East present a range of risks that may have profound economic and social consequences if they impact access to certain commodities or much higher prices. The incoming US administration may adjust US trade policy, including the introduction of new tariffs on countries exporting goods and services into the US, impacting revenues and profitability.

Additional risks and further details of the above risks and how they are managed are explained in note 15 of the financial statements. Trends affecting future developments are discussed in the Chair's statement on pages 4 to 9 and the Investment Manager's report on pages 28 to 31.

Long-term viability statement

In accordance with provision 36 of the AIC Code, the Directors have carried out a robust assessment of the Company's current position and its emerging and principal risks, further details can be found in the principal and emerging risks and uncertainties section on pages 21 to 22. This assessment has been carried out over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of five years, which was selected because it:

- is consistent with investors' minimum holding period to retain the 30% income tax relief;
- exceeds the time allowed to deploy funds raised under the current offer in accordance with the VCT Rules; and
- is challenging to forecast beyond five years with sufficient accuracy to provide actionable insight.

The Board considers the viability of the Company as part of its continuing programme of monitoring risk. The Company has a detailed risk control framework, documented procedures and forecasting model in place to reduce the likelihood and impact of risk taking that exceeds the levels agreed by the Board. These controls are reviewed by the Board and Investment Manager on a regular basis.

The Board has considered the Company's financial position and its ability to meet its liabilities as they fall due over the next five years. Forecasts and stress tests have been used to support their assessment and the following factors have been considered in relation to the Company's future viability:

- the Company maintains a highly diversified portfolio of Qualifying Investments;
- the Company is well invested against the HMRC investment test (100% at 30 September 2024) and the Board believes the Investment Manager will continue to have access to sufficient numbers of investment opportunities to maintain compliance with the HMRC investment test;
- the Company held £13.6 million in cash at the year end (includes £8.8m held with the Custodian);
- the Company has distributable reserves of £106.6 million at 30 September 2024, equivalent to 29 pence per share;
- the Company has a portfolio of Non-Qualifying Investments, most of which are listed in the FTSE 350 and offer good levels of liquidity should the need arise;
- the financial position of the Company at 30 September 2024 was strong with no debt or gearing;
- the offer for subscription launched on 9 October 2024 has provided further liquidity for deployment in line with the Company's policies and to meet future expenses;
- the OCR of the Company at the year end was 2.43%;
- the Company has procedures and forecast models in place to identify, monitor and control risk, portfolio liquidity and other factors relevant to the Company's status as a VCT; and
- the Investment Manager and the Company's other key service providers have contingency plans in place to manage operational disruptions.

In assessing the Company's future viability, the Board has assumed that investors will wish to continue to have exposure to the Company's activities, that performance will be satisfactory and the Company will continue to have access to sufficient capital.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

Other matters

Dividend policy

The Company's dividend policy is to target a tax free dividend yield equivalent to 5 per cent. of the year end NAV per share. The ability to pay dividends is dependent on the Company's available distributable reserves and cash resources, the Companies Act 2006, the UK Listing Rules and the VCT Rules. The policy is non-binding and at the discretion of the Board. Dividend payments may vary from year to year in both quantum and timing. The level of dividend paid each year will depend on the performance of the Company's portfolio. In years where there is strong investment performance, the Directors may consider a higher dividend payment, including the payment of special dividends. In years where investment performance is not as strong, the Directors may reduce or even pay no dividend.

Discount control policy and management of share liquidity

The Company aims to improve liquidity and to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board.

This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, Shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives.

Diversity

The Board comprises three male non-executive directors and three female non-executive directors with a diverse range of experience, skills, length of service and backgrounds. The Board will always appoint the best person for the job. However the Board considers diversity when reviewing Board composition and has made a commitment to consider diversity when making future appointments. It will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Environmental Social and Governance ("ESG") and Considerations

The Board seeks to maintain high standards of conduct with respect to ESG issues and to conduct the Company's affairs responsibly.

The Company does not have any employees or offices and so the Board does not maintain any specific policies regarding employee, human rights, social and community issues but does expect the Investment Manager to consider them when fulfilling its role. The Company qualifies for an exemption from the Streamlined Energy and Carbon Reporting requirements as a low energy use company with regards to greenhouse gas emissions (producing less than 40,000kWh of energy per year) and, therefore, is not obliged to report emissions from its operations.

The Company, whilst exempt, continues to monitor and develop its approach to the recommendations of the Task Force on Climate related Financial Disclosures.

The management of the Company's investment portfolio has been delegated to its Investment Manager, CGAM. The Company has adopted specific policies on divestment and excluded activities and it expects the Investment Manager to take account of ESG considerations in its investment process for the selection and ongoing monitoring of underlying investments. The Board has also given the Investment Manager discretion to exercise voting rights on resolutions proposed by investee companies. The Investment Manager continues to strengthen its approach to ESG issues. Further detail regarding the Investment Manager's approach to ESG issues can be found on pages 12 to 13.

To minimise the direct impact of its activities, the Company offers electronic communications where acceptable to reduce the volume of paper it uses and uses Carbon Balanced paper manufactured at a FSC accredited mill to print its financial reports. Vegetable based inks are used in the printing process where appropriate.

Prospects

The prospects and future development of the Company are discussed in detail in the outlook section of the Chair's statement on page 8.

The Strategic Report is approved, by order of the Board of Directors.

David Brock
Chair
17 December 2024

Summary of VCT regulations

To maintain its status as a VCT, the Company must be approved by HMRC and comply with a number of conditions. A summary of the most important conditions are detailed below:

VCTs' obligations

VCTs must:

- have 80 per cent. (by VCT tax value) of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than 3 years after the date on which those shares are issued;
- have at least 70 per cent. by VCT tax value of Qualifying Investments in Eligible Shares which carry no preferential rights (unless permitted under VCT Rules);
- have at least 30 per cent. of all new funds raised by the Company invested in Qualifying Investments within 12 months of the end of the accounting period in which the Company issued the shares;
- have no more than 15 per cent. by VCT tax value of its investments in a single company (as valued in accordance with the VCT Rules at the date of investment);
- derive most of its income from shares and securities, and, must not retain more than 15 per cent. of its income derived from shares and securities in any accounting period; and
- have their shares listed on the main market of the London Stock Exchange or a European regulated Stock Exchange.

VCTs must not:

- make a Qualifying Investment in any company that:
    - has (as a result of the investment or otherwise) received more than £5 million from State aid investment sources in the 12 months prior to the investment (£10 million for Knowledge Intensive Companies);
    - has (as a result of the investment or otherwise) received more than £12 million from State aid investment sources in its lifetime (or £20 million for Knowledge Intensive Companies);
    - in general has been generating commercial revenues for more than seven years (or ten years for Knowledge Intensive Companies); or
    - will use the investment to fund an acquisition of another company (or its trade and assets).
- make any investment which is not a Qualifying Investment unless permitted by section 274 ITA; and/or
- return capital to Shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs.

Qualifying Investments

A Qualifying Investment consists of new shares or securities issued directly to the VCT by a Qualifying Company that at the point of investment:

- has gross assets not exceeding £15 million prior to investment and £16 million post investment;
- carries out activities which are regarded as a Qualifying Trade;
- is a private company or is listed on AIM or the AQSE Growth Market;
- has a permanent UK establishment;
- is not controlled by another company;
- will deploy the money raised for the purposes of the organic growth and development of a Qualifying Trade within 2 years;
- has fewer than 250 employees (or fewer than 500 employees in the case of certain Knowledge Intensive Companies);
- in general, has not been generating commercial sales for more than seven years (ten years for Knowledge Intensive Companies);
- has not received more than the permitted annual and lifetime limits of risk finance State aid investment; and
- has not been set up for the purpose of accessing tax reliefs or is in substance a financing business.

The Finance Act 2018 introduced a principles-based approach known as the risk to capital condition to establish whether the activities or investments of an investee company can qualify for VCT tax reliefs. This condition has two parts:

- whether the investee company has an objective to grow and develop over the long term; and
- whether there is a significant risk that there could be a loss of capital to the investor of an amount exceeding the net return.

The Investment Manager & the Administrator

CGAM is a wholly owned subsidiary of Canaccord Genuity Wealth Group Limited. The Investment Manager is a leading small cap UK fund manager with a team of 15 fund managers and analysts. Their combined experience aligns with the Company's published investment policy. As at 30 September 2024, the Investment Manager had more than £2.6 billion of funds under management across eight unit trusts/OEICS and the Company which are managed under delegation, including approximately £1.7 billion invested in small UK companies.

The Investment Manager's VCT fund management team is led by Oliver Bedford with support from Lucy Bloomfield, Abbe Martineau, Anna Salim and Archie Stirling. The VCT fund management team is supported by the wider CGAM fund management team, mainly in the delivery of the Non-Qualifying Investment Strategy through the direct investment of the Company's capital into companies listed on the main market of the London Stock Exchange, as permitted by the VCT Rules.

A short biography on the members of the Investment Manager's VCT team is set out below.

Oliver Bedford – Lead Manager

Oliver Bedford graduated from Durham University with a degree in Chemistry. He served in the British Army for nine years before joining the Investment Manager in 2004. After initially working as an analyst in support of the VCT, Oliver was appointed as co-manager in 2011 and then lead manager in 2019.

Lucy Bloomfield – Co-Manager

Lucy Bloomfield joined the Investment Manager in August 2018 as deputy fund manager, she was subsequently appointed as co-manager in 2024. Prior to this she spent eight years as an analyst and UK Small & Mid cap fund manager at BlackRock before her most recent role as a European Small & Mid-cap fund manager with Ennismore Fund Management. Lucy graduated from Durham University in 2007 with a degree in Economics and is a CFA charter holder.

Abbe Martineau – Legal Counsel

Abbe Martineau graduated from the University of Birmingham and went on to qualify as a lawyer in 2005. Her prior legal experience includes eight years at Freshfields, where she advised international businesses on a range of corporate matters and strategic M&A, and eight years at Prudential plc, where she worked on delivering the group's strategic priorities, including its first ESG Report and the demerger of M&G. She joined the Investment Manager in 2023.

Anna Salim – Portfolio Manager

Anna Salim joined the Investment Manager in April 2018. Her prior experience includes European lower mid-market private equity investments at Revolution Capital Group and equity research at Cormark Securities. Anna graduated from the University of Toronto and holds an MBA from University of Western Ontario. She is a CFA charter holder.

Archie Stirling – Investment Analyst

Archie Stirling graduated from Bristol University with a BSc in Economics, joined KPMG LLP in 2013 and qualified as a chartered accountant in 2016. Archie joined the Investment Manager in September 2021 following 5 years working in transactional services.

Nicky Warnes – Head of VCT Administration

Nicky joined the administration team in 2009 and was appointed Head of VCT Administration in 2011. Nicky has been a Chartered Management Accountant since 2016.

£2.6 BILLION
of funds under management

£1.7 BILLION
Invested in small UK companies

26 YEAR
Track record of fund management

OVER 1,800 MEETINGS
With companies (12 months to 30 September 2024)

Source: CGAM (as at 30 September 2024)

The Administrator

CGWL provided administration services to the Company for the year ending 30 September 2024. With effect from 1 October 2024, the administration agreement between the Company and CGWL was novated to CGAM.

Notwithstanding the novation of the administration agreement, CGWL continues to act as the Custodian post-period end. CGWL is a subsidiary of Canaccord Genuity Inc., a full service financial services company listed on the Toronto Stock Exchange.

Fees and expenses

The annual running costs of the Company are capped at 3.5 per cent. of the net assets of the Company. The Investment Manager has agreed to indemnify the Company in relation to all costs that exceed this cap (such costs excluding any VAT payable on the annual running costs of the Company). As at 30 September 2024, the Company's running costs were 2.43 per cent. of the net assets of the Company (including irrecoverable VAT).

Under the IMA, the Investment Manager receives an annual management fee of 1.7 per cent. of the Net Asset Value of the Company. A maximum of 75 per cent. of the annual management charge will be chargeable against capital reserves, with the remainder being chargeable against revenue. The Company does not pay the Investment Manager a performance fee. As the Investment Manager to the Company is also investment adviser to the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Growth Fund (in which the Company may, and does, invest), the Investment Manager adjusts the fee it receives under the IMA to ensure that the Company is not charged twice for its services.

The Investment Manager carries out some due diligence and transaction services on potential investments internally. Upon completion of an investment, the Investment Manager is permitted under the IMA to charge private investee companies a fee equal to 1.5 per cent. of the investment amount. This fee is subject to a cap of £40,000 per investment and is payable directly from the investee company to the Investment Manager. The Investment Manager may also recover external due diligence and transactional services costs directly from private investee companies.

The Administrator is engaged by the Company under the terms of an administration agreement. Under the terms of this agreement, the Administrator is paid an annual fee of £250,000 (plus VAT) in relation to administration services. In addition, CGWL receives a fee of £30,000 per annum in relation to its appointment as the Custodian.

Any initial or trail commissions paid to Financial Intermediaries up to 30 September 2024 were paid by CGWL. Any future initial or trail commissions paid to Financial Intermediaries will be paid by CGAM.

Investment Manager's report

Introduction

This report covers the 2023/24 financial year, 1 October 2023 to 30 September 2024. The Investment Manager's report contains references to movements in the NAV per share and NAV total return per share. Movements in the NAV per share do not necessarily mirror the earnings per share reported in the accounts and elsewhere, which convey the profit after tax of the Company within the reported period as a function of the weighted average number of shares in issue for the period.

Investment performance measures contained in this report are calculated on a pence per share basis and include realised and unrealised gains and losses.

Investment report

The UK economy bounced back strongly after experiencing a shallow recession in late 2023. For much of the year, the economy has proven to be surprisingly resilient with GDP better than expected, healthy employment markets, strongly positive real wage growth and, as a result, increasing consumer confidence. The more optimistic tone that took hold in the third quarter (of the financial year) was also showing up in measures of UK business confidence and indices that measure economic data points relative to expectations. Unfortunately, more recently these same yardsticks are now signalling that the negative messaging of the new Government is starting to weigh on the economy. It has been an unusual and clumsy start for a government that is keen to promote itself as pro-growth.

If there has been huge uncertainty about the outlook for US interest rates, the same has not been true for UK monetary policy. Interest rates have started to come down broadly as expected with two 25 basis point reductions in August and in November, providing relief to many households and companies. Interest rates are expected to decline further as we head through the next year, potentially down to 4.00% by September 2025.

We have frequently flagged the impact of sustained fund outflows on UK equities, which have remained negative across the year. That having been said, we and other small cap managers saw an improvement in the flow dynamic within UK small companies in the early summer. Unfortunately, the improving picture did not survive the 2024 Autumn Budget with UK equity fund flows turning more deeply negative.

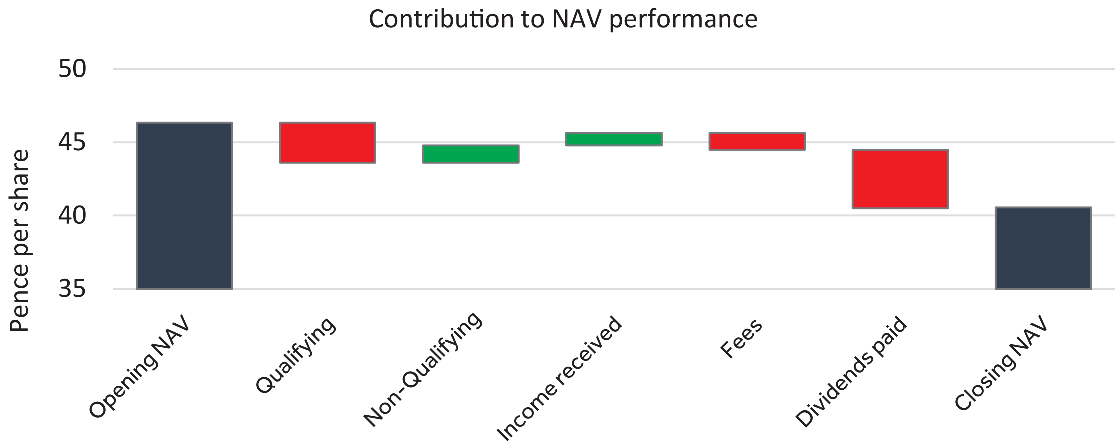
Although bookended by two periods of notably poor performance, for the most part the AIM All-Share Index has been on an improving trend. After a difficult start to the financial year, positive momentum was building as the year progressed, right through to the announcement on 21 May 2024 that the UK would hold a general election. Concerns about potential changes to fiscal policy had an immediate and strongly negative impact on AIM that continued through to year end and beyond. Although the net outcome was a gain of 3.90% in the FTSE AIM All-Share Index for the 12 months to 30 September 2024, the index lagged the FTSE UK Small Cap Index (excluding Investment Trusts) by 18.47% across the year, with most of that (13.07%) underperformance occurring since the 2024 General Election was called.

Performance

In the 12 months to 30 September 2024, the NAV per share decreased from 46.34 pence to 40.55 pence, a NAV total return to investors of -1.79 pence per share after adding back the 4.00 pence of dividends paid in the year, this translates to a loss of -3.86%.

The qualifying investments made a net loss of -2.73 pence per share whilst the non-qualifying investments made a net gain of 1.17 pence per share. The -0.23 pence adjusting balance was the net of running costs and investment income.

The contribution to NAV is split out in further detail below:



Notwithstanding the more negative mood that has set in since the 2024 General Election, corporate news flow steadily improved as the year progressed and the economy recovered from the recession in late 2023. For many retailers and consumer facing companies, the key Christmas trading period and the months that followed were challenging. More broadly speaking, we observed an increasing number of companies reporting trading that was in line with their expectations, with fewer companies reducing their guidance.

The 2024 Autumn Budget cast a long shadow over AIM, undermining performance and introducing idiosyncratic factors that have distorted valuations: the composition of the Shareholder register became an unusually important determinant of share price performance.

Whilst market distortions have, in our opinion, weighed on performance within the year, they have not been a factor in those companies that have made the most significant individual contributions to performance. As is nearly always the case, management execution has been the dominant driver of the outcome for most of the ten companies we highlight below.

Looking forward, we believe that the qualifying portfolio remains well set and attractively priced. We continue to expect investor interest in small UK companies to return, following the lead of those private equity and trade investors that continue to exploit market inefficiencies. There is plenty of opportunity for those able and willing to make a long term investment in UK innovation and growth.

Beeks Group (+177%, +0.83 pence per share) reported excellent FY24 results with strong revenue and EBITDA growth of 27% and an 18% increase in annualised committed monthly recurring revenue to £28m. The company is successfully winning large contracts for its Exchange Cloud and Proximity cloud offering. Beeks Group's multi-year contract with one of the world's largest exchanges received regulatory approval in August 2024 and is expected to launch in FY25 and drive considerable revenue growth. The company has a strong balance sheet with net cash of £6.6m.

Cohort (+93%, +0.60 pence per share) issued several positive trading updates over the year and reported record April FY24 results with revenues increasing 11% to £202.5m and operating profit of £21.1m. Several contract wins, including a £135m 10-year contract from the Ministry of Defence to supply the Royal Navy with its Trainable Decoy Launcher System, contributed to a very strong order intake of £392m over the year (+78% over the prior year). The last-reported order book of £575m provides over 90% cover for April FY25 revenue forecasts as well as visibility out to 2037.

Intercede (+349%, +0.45 pence per share) delivered exceptionally strong results for the year to March 2024 with revenue growth of 65% to £20.0m and profit before tax of £5.6m. This included a record contract with a large US Federal Agency for over $8m, which was treated as an exceptional item. This good operating momentum has continued into the current year and Intercede has announced several more contract wins for its MyID credential management system which underpin the forecasts for FY25. The company has a strong balance sheet with £16.2m net cash.

Shares in Learning Technology Group (+48%, +0.40 pence per share) re-rated over the early part of the year as investor sentiment towards the stock improved. Whilst the company reported that weak end markets were weighing on revenues, a strong margin performance has moderated the impact on profit guidance. Good cash generation, coupled with the sale of Vector VMS, has left the company with a substantially stronger unlevered (net cash) balance sheet. In September 2024, the company announced an approach by private equity firm General Atlantic with a possible cash offer at 100p alongside an option for LTG Shareholders to re-invest a portion of their holding into the private acquisition vehicle.

Skillcast (+137%, +0.31 pence per share) reported strong 2023 results with revenues growing 15% to £11.3m. 2024 interim results showed further progress as revenues grew 24% to £6.4m and the company broke even at the EBITDA level. Annualised recurring revenues have increased by over 50% from £6.8m in December 2022 to £10.3m in June 2024. The balance sheet is strong, with net cash of £8.3m.

Equipmake (-72%, -1.63 pence per share) reported FY24 revenues of £8.1m, 60% growth on the prior year. EBITDA losses were higher and cash lower than forecast due to a revenue miss, cost overruns and working capital movements. The company has invested into a new management team over the year, appointing a more experienced COO, CFO and business development director. Revised guidance reflects the pivot to a higher margin less capital intensive business model that should result in reduced losses in FY25 and bring forward the transition to profit in FY26. Equipmake has established relationships with several high-calibre original equipment manufacturer (OEM) for its components and drivetrain solutions and looks to build on this and announce further partnership deals in due course. The company raised a further £3m in October to support its working capital requirements.

Surface Transforms (-99%, -0.76p pence per share) faced significant production issues over the period as the company sought to scale-up production rates to meet customer demand. As a result, revenues were significantly below target and costs also exceeded plans. In May 2024, the company raised £8.5m of additional funding for working capital and capex in a deeply discounted fundraise that was not VCT qualifying and very dilutive to existing Shareholders. The investment was sold post period end.

Engage XR (-71%, -0.49 pence per share) warned in December 2023 that profits would be below expectations due to project delays. In April 2024, the company reported revenues of €3.7m (-5% year on year), and an EBITDA loss of €-4.0m for the 12 months to December 2023. The balance sheet is strong with net cash of €7.9m following the €10.5m fundraise earlier in 2023. More recently, the company announced its first €1m+ contract with a Middle East based education and training company through its partnership with PWC and appointed an experienced non-executive chair to the board.

Children's products and clothing retailer Kidly (-54%, -0.42 pence per share) experienced a difficult trading environment through Christmas 2023 and early 2024 that was compounded by balance sheet constraints. Although revenue performance was below budget, operational efficiencies resulted in significantly lower losses. Trading improved as the year progressed. Reflecting the need for additional funding, the fair value of the equity was reduced to nil and the value of the debt heavily impaired. Subsequently, Kidly secured new funding as part of a financial restructuring that included a partial conversion of the loan note instrument into new preferred shares. The reduction in risk allowed a partial recovery in the fair value of the convertible loan note instrument.

In a significant announcement, Arecor Therapeutics (-67%, -0.23 pence per share) reported that its ultra-concentrated and ultra-rapid acting insulin candidate AT278 demonstrated superiority to the current best-in-class insulins in a Phase 1 clinical trial for patients with Type 2 diabetes and high BMI. However, supply chain issues in its subsidiary Tetris Pharma negatively impacted revenues and cash flow. Despite a more challenging fundraising environment for life-sciences companies on AIM, the company successfully raised £6.4m to continue its insulin development programmes and provide working capital funding for Tetris Pharma.

Reflecting the very difficult market, there were no funds raised from AIM VCTs by companies undertaking an IPO on AIM in the year under review. Despite this, we invested £9.2m into seven Qualifying Companies including one new investment into a company listed on AIM, one new investment into a company listed on the AQSE APEX market, three follow on investments into existing portfolio companies listed on AIM, one follow on investment into a company listed on the AQSE APEX market and one new investment into a private company. The three new investments included Abingdon Health plc, Oberon Investments Group plc and Qureight Ltd. The follow on investments included Eden Research plc, Equipmake plc, PCI Pal plc and Strip Tinning plc. We reduced our investments in Blackbird plc, Team Internet Group plc and made complete exits from Abcam plc, Instem plc, Osirium plc and Renalytix plc, Smoove plc and Velocys plc. Bidstack Group plc was placed into administration.

Portfolio structure

The VCT is comfortably above the HMRC defined investment test and ended the period at 100% invested as measured by the HMRC investment test. By market value, the weighting to qualifying investments decreased from 58.7% to 56.0% following several disposals of qualifying companies.

The allocation at the year end to non-qualifying equity investments decreased from 10.1% to 8.1%. In line with the investment policy, we made investments in the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Growth Fund as temporary homes for proceeds from fundraising; the allocations increased from 5.4% to 13.4% and returned +0.57 pence per share in the period.

The non-qualifying direct equity investments, which are mostly held in FTSE 350 companies contributed +0.37 pence per share. Within the period, the largest contributors to non-qualifying gains were Chemring (+32.3%, +0.12 pence per share), Hollywood Bowl (+25.3%, + 0.11 pence per share) and TP ICAP (+38.7%, +0.10 pence per share). The largest non-qualifying losses came from XP Power (-55.4%, -0.12 pence per share), Energean (-13.5%, -0.04 pence per share) and Bodycote (-7.7%, -0.03 pence per share).

We have maintained a substantial investment in short-dated investment grade corporate bonds. Within the year, we reinvested the proceeds from the redemption of one Marks & Spencer's bond into another Mark & Spencer's bond, acquired a new Unilever bond which was subsequently redeemed just prior to year end and made a small investment into a second Next bond. In the round, the allocation increased from 11.4% to 12.9%. The average yield to maturity at year end was 4.7%. Our cash weighting dropped from 12.7% to 9.3%[1].

The Company invests across all available investment sectors, although VCT Rules tends to promote investment into sectors such as technology, healthcare and consumer discretionary. In respect of the Qualifying Investment portfolio, the weightings to these three sectors changed slightly over the year as a consequence of additional investment and share price performance, taking their respective shares to 40.4%, 21.0% and 11.8%. There is also a 13.8% weighting to industrials.

The HMRC investment tests are set out in Chapter 3 of Part 6 Income Tax Act 2007, which should be read in conjunction with this investment manager's report. Funds raised by VCTs are first included in the investment tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. Therefore, the allocation of qualifying investments as defined by the legislation can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

(1) Net of prepayments and accruals.

Share buy backs & discount control

10,657,350 shares were acquired in the year at an average price of 41.97 pence per share. The share price decreased from 43.00p to 39.00p and traded at a discount of 6.78% following the publication of the 30 September 2024 NAV on 10 October 2024.

Post period end update

The NAV per share has decreased from 40.55 pence to 40.29 pence in the period to 6 December 2024, a decrease of 0.6%.

As at 17 December 2024, the share price of 38.40 pence represented a discount of 4.69% to the last published NAV per share.

Economic activity has noticeably slowed since the early summer with the economy growing by a meagre +0.1% in the 3 months to October 2024, having peaked at +0.7% in the 3 months to May 2024. Business and consumer confidence has dipped and corporate newsflow has noticeably softened, although trading continues to vary markedly by sector. However, this period of weaker activity is not expected to last and the economy should pick up momentum as we head through 2025.

Whilst many businesses (and business owners) are understandably frustrated by changes to NICs, Business Property Relief and Business Asset Disposal Relief, households and consumers should at least benefit from lower borrowing costs and, at least within the public sector, substantially positive real wage growth.

For most portfolio companies, the outlook is not significantly altered by the Autumn 2024 Budget. Increases in employment taxes, whilst unhelpful, are not a significant factor within the portfolio and we remain confident that our portfolio companies can continue to build value through good execution. When and how that crystallises remains difficult to forecast in the short-term.

Deal flow has improved noticeably since the Autumn 2024 budget and we are active on a large number of deals. We are also seeing signs of a recovery in the pipeline of companies looking to undertake an IPO.

For further information please contact:

Oliver Bedford
Lead Fund Manager

17 December 2024

Investment portfolio summary
As at 30 September 2024

	Net Assets % at 30.09.24	Cost £000	Cumulative movement in value £000	Valuation £000	Change in value for the year £000[1]	Market	COI[2]
Equity Qualifying Investments							
Beeks Financial Cloud Group plc	3.11	1,038	3,569	4,607	2,945	AIM	Yes
Cohort plc	3.04	619	3,884	4,503	2,166	AIM	Yes
Learning Technologies Group plc	2.89	2,238	2,037	4,275	1,388	AIM	No
Eagle Eye Solutions Group plc	2.69	1,642	2,340	3,982	(563)	AIM	Yes
PCI-PAL plc	2.43	2,703	890	3,593	(706)	AIM	Yes
The Property Franchise Group plc	2.31	1,139	2,287	3,426	1,753	AIM	Yes
Infinity Reliance Ltd (My 1st Years)[3]	2.10	2,500	607	3,107	364	Unlisted	Yes
Diaceutics plc	1.82	1,550	1,141	2,691	591	AIM	Yes
Qureight Ltd	1.69	2,500	–	2,500	–	Unlisted	No
Equipmake Holdings plc	1.57	4,162	(1,834)	2,328	(5,803)	AIM	No
Maxcyte Inc	1.47	1,270	905	2,175	300	AIM	Yes
Intercede Group plc	1.40	305	1,767	2,072	1,611	AIM	Yes
Craneware plc	1.29	125	1,786	1,911	470	AIM	Yes
Skillcast Group plc	1.29	1,570	340	1,910	1,104	AIM	No
Aquis Exchange plc	1.21	765	1,024	1,789	–	AIM	Yes
Abingdon Health plc	1.14	1,823	(140)	1,683	(140)	AIM	No
Fadel Partners, Inc	1.13	2,300	(623)	1,677	(623)	AIM	No
Team Internet Group plc	1.05	565	997	1,562	4	AIM	No
XP Factory plc	1.04	4,068	(2,520)	1,548	(581)	AIM	Yes
Itaconix plc	1.04	3,025	(1,483)	1,542	(107)	AIM	No
Zoo Digital Group plc	1.04	2,159	(619)	1,540	(220)	AIM	No
Intelligent Ultrasound Group plc	0.93	1,550	(173)	1,377	(275)	AIM	No
AnimalCare Group plc	0.91	720	630	1,350	332	AIM	Yes
SCA Investments Ltd (Gousto)	0.89	2,484	(1,166)	1,318	(237)	Unlisted	No
Oberon Investments Group plc	0.85	1,461	(208)	1,253	(209)	AIM	No
Zappar Ltd	0.81	1,600	(400)	1,200	(229)	Unlisted	No
Tortilla Mexican Grill plc	0.81	1,125	75	1,200	(550)	AIM	Yes
Eden Research plc	0.80	1,855	(674)	1,181	(336)	AIM	No
Equals Group plc	0.77	750	396	1,146	51	AIM	No
C4X Discovery Holdings Ltd	0.75	2,300	(1,193)	1,107	(693)	Unlisted	No
Idox plc	0.73	135	949	1,084	(58)	AIM	Yes
EKF Diagnostics Holdings plc	0.61	565	335	900	96	AIM	No
Ilika plc	0.57	1,636	(785)	851	(259)	AIM	No
Blackbird plc	0.56	594	238	832	(117)	AIM	No
Globaldata plc	0.55	173	635	808	211	AIM	Yes
BiVictriX Therapeutics Ltd	0.58	1,600	(828)	772	(408)	Unlisted	No
Tristel plc	0.51	543	217	760	(93)	AIM	No
Engage XR Holdings plc	0.47	3,453	(2,762)	691	(1,727)	AIM	No
One Media iP Group plc	0.44	1,141	(489)	652	(244)	AIM	Yes
Science in Sport plc	0.39	1,479	(902)	577	289	AIM	Yes
Nexteq plc	0.38	1,209	(649)	560	(170)	AIM	No
Creo Medical Group plc	0.37	2,329	(1,777)	552	(161)	AIM	Yes
Crimson Tide plc	0.35	1,260	(735)	525	(231)	AIM	Yes
Tan Delta Systems plc	0.33	504	(20)	484	19	AIM	No
Verici DX plc	0.31	1,939	(1,476)	463	(71)	AIM	No
Arecor Therapeutics plc	0.27	1,687	(1,290)	397	(819)	AIM	No
Rosslyn Data Technologies plc	0.27	1,345	(951)	394	(322)	AIM	Yes
Faron Pharmaceuticals Oy	0.25	1,133	(763)	370	(125)	AIM	No
Hardide plc	0.23	3,566	(3,218)	348	(290)	AIM	Yes
Everyman Media Group plc	0.16	600	(369)	231	25	AIM	No
K3 Business Technology Group plc	0.14	270	(60)	210	(120)	AIM	Yes
Eneraqua Technologies plc	0.14	1,401	(1,194)	207	(298)	AIM	No
Strip Tinning Holdings plc	0.13	1,054	(866)	188	(154)	AIM	No
Angle plc	0.12	1,158	(974)	184	(149)	AIM	No
Crossword Cybersecurity plc	0.09	2,039	(1,906)	133	(573)	AIM	No
Polarean Imaging plc	0.07	2,081	(1,978)	103	(587)	AIM	No
Mycelx Technologies Corporation	0.05	361	(282)	79	(51)	AIM	Yes

	Net Assets % at 30.09.24	Cost £000	Cumulative movement in value £000	Valuation £000	Change in value for the year £000[1]	Market	COI[2]
Trakm8 Holdings plc	0.03	486	(432)	54	(80)	AIM	No
Surface Transforms plc	0.02	1,744	(1,709)	35	(2,639)	AIM	No
Fusion Antibodies plc	0.02	624	(597)	27	(9)	AIM	No
Gfinity plc	–	2,026	(2,021)	5	(23)	AIM	No
Bidstack Group plc	–	2,733	(2,733)	–	(314)	Unlisted	No
Kidly Ltd[3]	–	2,660	(2,660)	–	(326)	Unlisted	No
Laundrapp Ltd[3]	–	2,450	(2,450)	–	–	Unlisted	No
Airportr Technologies Ltd[3]	–	1,888	(1,888)	–	–	Unlisted	No
Mporium Group plc	–	33	(33)	–	–	Unlisted	No
Flowgroup plc	–	26	(26)	–	–	Unlisted	No
Infoserve Group plc[4]	–	–	–	–	–	Unlisted	No
Total – equity Qualifying Investments	**53.41**	**101,836**	**(22,807)**	**79,029**	**(7,971)**		
Qualifying fixed income investments							
Strip Tinning Holdings plc (convertible loan notes)	1.45	2,000	158	2,158	158	Unlisted	No
Kidly Ltd (convertible loan notes)	0.85	1,400	(138)	1,262	(1,138)	Unlisted	No
Rosslyn Data Technologies plc (convertible loan notes)	0.24	300	58	358	58	Unlisted	No
Total qualifying fixed income investments	**2.54**	**3,700**	**78**	**3,778**	**(922)**		
Total Qualifying Investments	**55.95**	**105,536**	**(22,729)**	**82,807**	**(8,893)**		
Non-qualifying funds							
IFSL Marlborough UK Micro-Cap Growth fund	7.01	9,339	1,044	10,383	1,044	Unlisted	No
IFSL Marlborough Special Situations fund	6.34	9,833	(448)	9,385	1,001	Unlisted	No
Vaneck Gold Miners UCITS ETF	0.44	634	22	656	22	Main	No
Total non-qualifying funds	**13.79**	**19,806**	**618**	**20,424**	**2,067**		
Equity non-qualifying investments							
Hollywood Bowl Group plc	1.26	1,566	294	1,860	375	Main	Yes
Bodycote plc	0.91	1,534	(179)	1,355	(114)	Main	No
National Grid plc	0.90	1,229	101	1,330	162	Main	No
TP ICAP Group plc	0.89	1,022	300	1,322	369	Main	Yes
Chemring Group plc	0.84	1,023	217	1,240	405	Main	Yes
WH Smith plc	0.79	1,220	(54)	1,166	91	Main	Yes
Rotork plc	0.63	944	(10)	934	59	Main	No
BAE Systems plc	0.63	593	334	927	246	Main	Yes
Wickes Group plc	0.59	950	(75)	875	167	Main	Yes
Shell plc	0.49	804	(77)	727	(77)	Main	No
Tortilla Mexican Grill plc	0.09	161	(30)	131	(60)	AIM	Yes
Mycelx Technologies Corporation	0.06	298	(206)	92	(60)	AIM	Yes
Genagro Services Ltd	–	–	–	–	2	Unlisted	Yes
Total – equity non-qualifying investments	**8.08**	**11,344**	**615**	**11,959**	**1,565**		
Non-qualifying fixed income – bonds							
British Telecommunications 5.75% SNR BDS 07/12/2028	2.12	3,130	2	3,132	174	Main	No
Marks and Spencer plc 3.75% SNR EMTN 19/05/2026	2.06	3,032	17	3,049	17	Main	No
Natwest Markets plc 6.375% SNR EMTN 08/11/2027	2.05	3,017	18	3,035	140	Main	No
Royal Bank of Canada 5% SNR NTS 24/01/2028	2.05	3,036	(8)	3,028	153	Main	No
Next Group plc 4.375% SNR BDS 02/10/2026	2.01	2,987	(12)	2,975	96	Main	No

	Net Assets % at 30.09.24	Cost £000	Cumulative movement in value £000	Valuation £000	Change in value for the year £000[1]	Market	COI[2]
Barclays plc 3.25% SNR NTS 12/02/2027	1.95	2,912	(25)	2,887	145	Main	No
Next Group plc 3% GTD SNR BDS 26/08/2025	0.66	969	12	981	13	Main	No
Total non-qualifying fixed income – bonds	**12.90**	**19,083**	**4**	**19,087**	**738**		
Total – non-qualifying investments	**34.77**	**50,233**	**1,237**	**51,470**	**4,370**		
Total investments	**90.72**	**155,769**	**(21,492)**	**134,277**	**(4,523)**		
Cash at bank	3.2			4,766			
Funds held with Custodian	6.0			8,846			
Prepayments & accruals	0.08			120			
Net assets	**100.00**			**148,009**			

(1) The change in fair value has been adjusted for additions and disposals in the year and as such does not reconcile to the unrealised total in note 7. The difference is £0.8 million which is the total of 17 full investment disposals in the year.

(2) COI – Co investments with other funds managed by the Investment Manager at 30 September 2024.

(3) Different classes of shares held in unlisted companies within the portfolio have been aggregated.

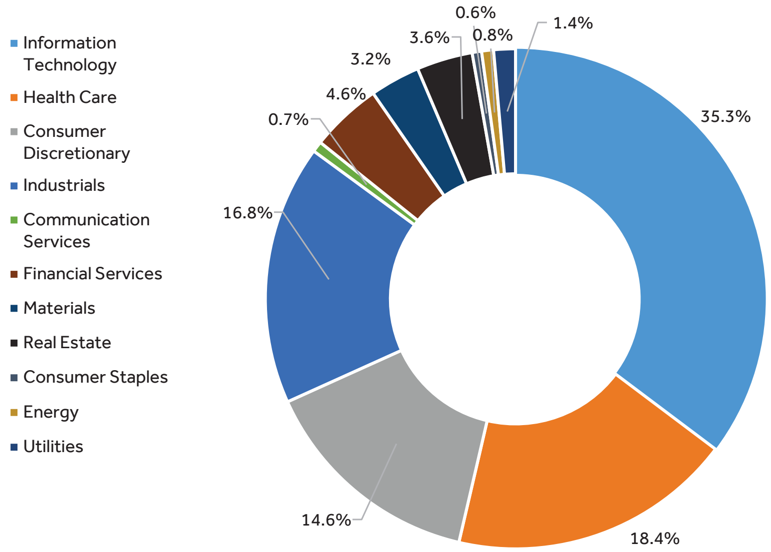
(4) Impaired fully through the profit and loss account and therefore shows a zero cost.

The investments listed below are either listed, headquartered or registered outside the UK:

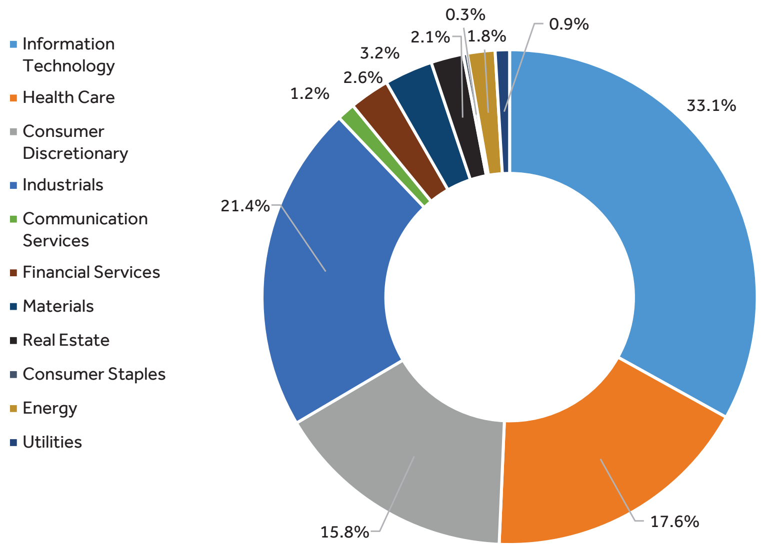
	Listed	Headquartered	Registered
Listed Investments:			
Fadel Partners, Inc	UK	USA	USA
Faron Pharmaceuticals Oy	UK/Finland	Finland	Finland
Itaconix plc	UK	USA	UK
Maxcyte Inc	UK/USA	USA	USA
Mycelx Technologies Corporation	UK	USA	USA
Polarean Imaging plc	UK	USA	UK
Unlisted private companies:			
Genagro Ltd[1]	–	UK	Jersey

(1) Companies awaiting liquidation.

Total Investments by market sector as at 30 September 2024



Total Investments by market sector as at 30 September 2023



Top ten investments
As at 30 September 2024 (by market value)

The top ten investments are shown below. Each investment is valued by reference to the bid price or, in the case of unquoted companies, the IPEV guidelines using one or more valuation techniques according to the nature, facts and circumstances of the investment. Forecasts, where given, are drawn from a combination of broker research and/or Bloomberg consensus forecasts and exclude amortisation, share based payments and exceptional items. Forecasts are in relation to a period end for which the company results are yet to be released. Published accounts are used for private companies or public companies with no published broker forecasts. The net asset figures and net cash values are from published accounts in most cases.

Beeks Financial Cloud Group plc			Share Price: 244.0p
Investment date	November 2017	Forecasts for the year to	June 2025
Equity held	2.84%	Turnover (£'000)	39,600
Av. Purchase Price	55.0p	Profit before tax (£'000)	6,100
Cost (£'000)	1,038	Net cash June 2024 (£'000)	7,100
Valuation (£'000)	4,607	Net assets June 2024 (£'000)	37,495

Company description

Beeks Financial Cloud Group plc is a cloud-based connectivity provider of technology solutions to the financial services sector. The company's Infrastructure-as-a-Service model is optimised for low-latency private cloud compute, connectivity and analytics, providing the flexibility to deploy and connect to exchanges, trading venues and public cloud for a true hybrid cloud experience. The company serves over 1,000 enterprise clients from its global network of data centres.

Cohort plc			Share Price: 948.0p
Investment date	February 2006	Forecasts for the year to	April 2025
Equity held	1.14%	Turnover (£'000)	241,200
Av. Purchase Price	130.2p	Profit before tax (£'000)	25,800
Cost (£'000)	619	Net cash October 2024 (£'000)	37,900
Valuation (£'000)	4,503	Net assets October 2024 (£'000)	111,203

Company description

Cohort provides electronic and surveillance technology solutions. The company offers electronic warfare operational support, secure communication systems and networks, test systems and data management. Cohort serves defence and security, transport, offshore energy and other commercial markets.

Learning Technologies Group plc			Share Price: 95.0p
Investment date	July 2015	Forecasts for the year to	December 2024
Equity held	0.57%	Turnover (£'000)	477,000
Av. Purchase Price	49.7p	Profit before tax (£'000)	77,000
Cost (£'000)	2,238	Net (debt) June 2024 (£'000)	(57,524)
Valuation (£'000)	4,275	Net assets June 2024 (£'000)	443,743

Company description

Learning Technologies Group provides workplace digital learning and talent management software and services to corporate and government clients. The group offers end-to-end learning and talent solutions ranging from strategic consultancy, through a range of content and platform solutions to analytical insights that enable corporate and government clients to meet their performance objectives.

Eagle Eye Solutions Group plc			Share Price: 460.0p
Investment date	April 2014	Forecast for the year to	June 2025
Equity held	2.92%	Turnover (£'000)	55,500
Av. Purchase Price	189.7p	Profit before tax (£'000)	6,200
Cost (£'000)	1,642	Net cash June 2024 (£'000)	10,404
Valuation (£'000)	3,982	Net assets June 2024 (£'000)	34,056

Company description

Eagle Eye is a SaaS technology company that creates digital connections enabling personalised, real-time marketing solutions for large retailers. Through Eagle Eye AIR, the company's loyalty and promotions omnichannel SaaS platform, companies connect all aspects of the customer journey in real time, unlocking the capability to deliver personalisation, streamline marketing execution and open up new revenue streams through promotions, loyalty apps, subscriptions and gift services.

PCI Pal plc			Share price: 46.80p
Investment date	January 2018	Forecast for the year to	June 2025
Equity held	10.58%	Turnover (£'000)	22,400
Av. Purchase Price	35.2p	Profit before tax (£'000)	800
Cost (£'000)	2,703	Net (debt) June 2024 (£'000)	4,332
Valuation (£'000)	3,593	Net (liabilities) June 2024 (£'000)	(1,970)

Company description

PCI PAL plc is a provider of SaaS solutions that allows companies to take payments from their customers securely. Its products secure payments and data in any business communications environment including voice, chat, social, email, and contact centre and is integrated to, and resold by, business communications vendors and payment service providers.

The Property Franchise Group plc			Share price: 415.0p
Investment date	December 2013	Forecast for the year to	December 2024
Equity held	2.56%	Turnover (£'000)	68,700
Av. Purchase Price	138.0p	Profit before tax (£'000)	22,300
Cost (£'000)	1,139	Net (debt) June 2024 (£'000)	(14,302)
Valuation (£'000)	3,426	Net assets June 2024 (£'000)	143,972

Company description

The Property Franchise Group is the UK's largest property franchise business and manages the second largest estate agency network and portfolio of lettings properties in the UK. The group has 1,946 outlets, manages more than 152k tenanted properties and is expected to sell in excess of 28k properties per annum. The group also includes an established financial services business.

Infinity Reliance Ltd (My First Years)			Unquoted
Investment date	May 2018	Results for the year to	December 2023
Voting rights held	9.66%	Turnover (£'000)	20,973
Av. Purchase Price	4,670.4p	Profit before tax (£'000)	2,885
Cost (£'000)	2,500	Net cash December 2023 (£'000)	6,221
Valuation (£'000)	3,107	Net assets December 2023 (£'000)	9,121
Income recognised in period (£)	–		

Company description

My 1st Years is a European retail platform that focusses on the sale of personalised baby and children's gifts primarily through e-commerce channels. The product range includes bespoke presents for newborn babies to seven year olds, for christenings, birthdays and Christmas.

Diaceutics plc		Share price: 132.0p	
Investment date	July 2019	Forecast for the year to	December 2024
Equity held	2.41%	Turnover (£'000)	30,100
Av. Purchase Price	76.0p	(Loss) before tax (£'000)	(2,800)
Cost (£'000)	1,550	Net cash June 2024 (£'000)	16,749
Valuation (£'000)	2,691	Net assets June 2024 (£'000)	38,740

Company description

The Diaceutics proprietary diagnostic commercialisation platform ("DXRX") integrates real-world diagnostic testing data from a global network of laboratories to enable the supply of precision medicine therapeutics to patients. The company provides its solutions to leading pharmaceutical and biotech companies in Europe and the USA.

Qureight Ltd		Unquoted	
Investment date	March 2024	Results for the year to	December 2023
Voting rights held	15.10%	Turnover (£'000)[1]	–
Av. Purchase Price	7,394.0p	Profit/(loss) before tax (£'000)[1]	–
Cost (£'000)	2,500	Net cash December 2023 (£'000)	380
Valuation (£'000)	2,500	Net assets December 2023 (£'000)	846
Income recognised in period (£)	–		

(1) Company has total exemption from full accounts.

Company description

Qureight's proprietary technology uses artificial intelligence to analyse medical images of the respiratory system through its innovative approach to clinical data curation and artificial intelligence-powered digital biomarkers. This approach enables researchers and scientists to analyse disease progression and drug responses in patients across a range of complex conditions.

Strip Tinning Holdings plc[1]		Share price: 33.0p	
Investment date	February 2022	Forecast for the year to	December 2024
Equity held	3.13%	Turnover (£'000)	9,000
Av. Purchase Price	118.8p	(Loss) before tax (£'000)	(3,700)
Cost (£'000)	3,054	Net (debt) June 2024 (£'000)	(2,247)
Valuation (£'000)	2,346	Net assets June 2024 (£'000)	4,240

(1) Holding inclusive of equity and convertible loan note investments.

Company description

Strip Tinning manufactures specialist flexible electrical connectors related primarily to heating and antennae systems embedded within automotive glazing and to the connection of the cells within electric vehicle battery packs, increasingly using flexible and lightweight printed circuit technology.

For further information please contact:

Oliver Bedford
Lead Fund Manager
17 December 2024

Governance

Board of Directors

David Brock (*Chair*)
Date of Appointment: 28 September 2010

David Brock is an experienced company chair in both private and public companies and a former main board director of MFI Furniture Group plc. David is chair of Molten Ventures VCT plc and ECS Global Group Ltd. David was appointed as Chair of the Board on 4 February 2020.

Oliver Bedford
Date of Appointment: 13 December 2016

Oliver Bedford sits on the Board as part of his role as lead fund manager at the Company's Investment Manager.

Angela Henderson (*MSPEC Chair*)
Date of Appointment: 29 October 2019

Angela Henderson is a non-executive director at Macquarie Capital (Europe) Limited, Wells Fargo Securities International Limited and Polar Capital Global Financials Trust plc, following an executive career in financial services. She has invested in early-stage technology companies and held non-executive board seats in the asset management sector. Previously, she has served on the governing body of a London hospital and a healthcare charity. She is a solicitor of the Senior Courts of England & Wales.

Megan McCracken
Date of Appointment: 1 June 2022

Megan McCracken is chair of State Street Trustees Limited and a non-executive director and chair of the remuneration and nomination committees of Folk2Folk. She was awarded the Institute of Directors' Chair's Award. Megan held executive roles at HSBC and Citibank, was a PwC consultant and a Boeing Satellite Systems engineer. She was previously the senior independent director of GB Bank and has an MBA from MIT Sloan and a Bachelor of Science in Aerospace Engineering.

Busola Sodeinde
Date of Appointment: 1 June 2022

Busola Sodeinde is a qualified Chartered Accountant and has spent most of her executive career in financial services. She is a non-executive director and chair of the Audit Committee of TR Property Investment Trust plc, a non-executive director and chair of the Audit and Governance Committee of Railpen Limited, a member of the Board of Governors for Church Commissioners, is a non-executive director at The Ombudsman Services and a Trustee of The Scouts. Busola is the founder of a social start up and is also an activator supporting women-led ventures.

Justin Ward (*Audit Committee Chair*)
Date of Appointment: 1 November 2020

Justin Ward is a qualified Chartered Accountant. He is a non-executive director and chair of the investment committee of The Income and Growth VCT plc and chair of Schroder British Opportunities Trust plc. He is also a non-executive director of School Explained Limited and has previously served on the board of a number of private companies. Justin formerly led growth equity and private equity buyout transactions at CVC Capital Partners, Hermes Private Equity and Bridgepoint Development Capital.

Directors' report
For the year end 30 September 2024

The Directors of Hargreave Hale AIM VCT plc present their Annual Report together with the audited financial statements of the Company for the year from 1 October 2023 to 30 September 2024, incorporating the corporate governance statement on pages 50 to 55. The principal activity of the Company has been outlined in the Strategic Report on page 10. The Board believes that the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Directors

The Directors of the Company during the year were David Brock (Chair), Oliver Bedford, Angela Henderson, Megan McCracken, Busola Sodeinde and Justin Ward. Brief biographical details are given on page 40.

Directors' interests

The Directors' interests (including those of connected persons) in the issued share capital of the Company are outlined in the Directors' remuneration report on page 45. There is no minimum holding requirement, in the shares of the Company, that the Directors are required to adhere to.

Oliver Bedford, David Brock, Angela Henderson and Justin Ward are Shareholders in the Company. Their current shareholdings, as at the date of this Annual Report, and subsequently, are stated in the Directors' remuneration report on page 48.

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors.

Deeds of indemnity

The Company has entered into deeds of indemnity in favour of each of the Directors in order to provide additional protection to the Directors in certain liability scenarios. The deeds of indemnity give each Director the benefit of an indemnity out of the assets and profits of the Company, to the extent permitted by the Companies Act 2006 and subject to certain limitations against liabilities incurred by each of them in the execution of their duties and exercise of the powers as Directors of the Company.

Disclosable interests

No Director is under contract of service with the Company and, other than as disclosed in note 14, no contract existed during or at the end of the year in which any Director was materially interested and which was significant in relation to the Company's business.

Revenue and dividends

The statutory loss for the year amounted to £6,585,156 (2023: loss £29,726,556). An interim dividend of 1 penny per ordinary share was paid on 26 July 2024 (2023: 1 penny per ordinary share). A special dividend of 1.50 pence per ordinary share was also paid on 26 July 2024 (2023: 0). The final dividend of 1.25 pence per ordinary share for the year ended 30 September 2024 is due to be paid on 14 February 2025 (2023: 1.50 pence per ordinary share). A special dividend of 1.50 pence per ordinary share has been approved by the Board. The distribution will return to Shareholders proceeds from various exits and disposals. The special dividend will be paid together with the final dividend on 14 February 2025.

Capital structure

The Company's capital structure is summarised in notes 1 and 11 to the financial statements.

Voting rights in the Company's shares

Each ordinary Shareholder is entitled to one vote on a show of hands and on a poll to one vote for each ordinary share held. Other than with regard to Directors not being permitted to vote on matters upon which they have an interest, there are no restrictions on the voting rights of ordinary Shareholders.

Substantial holdings in the Company

As at 30 September 2024 and the date of this report, the Company was aware of the following shareholdings of 3% or more of the Company's issued ordinary share capital:

Shareholder	Number of ordinary shares as at 30 September 2024	% held	Number of ordinary shares as at 13 December 2024	% held
Hargreaves Lansdown (Nominees) Limited	13,597,754	3.73	13,543,691	3.72
UBS Private Banking Nominees Ltd	12,321,015	3.38	11,910,075	3.28

Share buybacks and share price discount

During the year, the Company repurchased 10,657,350 ordinary shares (nominal value £106,574) at a cost of £4,472,418. The repurchased shares represent 3.25% of the ordinary shares in issue on 1 October 2023. All repurchased shares were cancelled. As at 17 December 2024, a further 3,559,262 ordinary shares (nominal value £35,593) have been purchased since the year end at a total cost of £1,361,156.

The Directors believe that these share buybacks are in the best interests of all Shareholders as they provide liquidity for Shareholders looking to realise their investment whilst ensuring the shares are bought back at a discount to the NAV to the longer-term benefit of remaining Shareholders.

This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, Shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives.

Shares issued

During the year, the Company issued 44,485,284 ordinary shares of 1 penny (nominal value £444,853) in the offer for subscription launched in the year ending September 2023, representing 13.57% of the opening share capital at prices ranging from 44.80p to 47.10p per share. Gross funds of £20,321,529 were received. The 3.5% premium of £711,254 payable to CGWL under the terms of the offer was reduced by £264,162, being the discount awarded to investors in the form of additional shares. A further reduction of £470 representing an introductory commission was made resulting in fees payable to CGWL of £446,622 which were used to pay other costs associated with the prospectus, relating to the offer, and marketing. In accordance with the offer agreement, the Company was entitled to a rebate of £100,000 from CGWL reducing the net fees payable to CGWL to £346,622.

On 15 February 2024, 1,100,783 ordinary shares were allotted at a price of 44.58 pence per share, which was calculated in accordance with the terms and conditions of the DRIS on the basis of the last reported NAV per share as at 26 January 2024, to Shareholders who elected to receive shares under the DRIS as an alternative to a cash payment of the final dividend for the year ended 30 September 2023.

On 26 July 2024, 2,235,192 ordinary shares were allotted at a price of 42.49 pence per share, which was calculated in accordance with the terms and conditions of the DRIS on the basis of the last reported NAV per share as at 5 July 2024, to Shareholders who elected to receive shares under the DRIS as an alternative to a cash payment of the interim dividend for the year ended 30 September 2024.

Financial instruments

The Company's financial instruments and principal risks are disclosed in note 15 to the financial statements.

VCT status monitoring

The Company has appointed Philip Hare & Associates LLP as advisers on, *inter alia*, compliance with the VCT Rules. The Directors monitor the Company's VCT status through regular reports from Philip Hare & Associates LLP.

Auditors

A resolution proposing the reappointment of BDO LLP as auditors to the Company and authorising the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Greenhouse gas emissions

As a UK quoted company, the Company would ordinarily be required to report on its greenhouse gas emissions. However, the Company outsources all of its activities to third parties and does not have any physical assets, property, employees or operations. The Company has no direct greenhouse gas emissions to report from its operations and is exempt from reporting under the Streamlined Energy and Carbon Reporting requirements. It is not required to report on any other emissions under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Amendments to the Articles of Association

The Company's Articles of Association may be amended by the members of the Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution).

At the Company's General Meeting held on 12 November 2024, a resolution to adopt amended Articles of Association which, provided that the Company's next continuation vote would be held in 2031 rather than 2030, was passed, with 95.45% votes in favour.

Post balance sheet events

Post balance sheet events are disclosed in note 17 to the financial statements on page 90.

Future developments

Consideration of the Company's future development and prospects are contained in the Chair's statement, long term viability statement and Investment Manager's report on pages 4 to 9, 23 and 28 to 31 respectively.

Going concern

The Company's business activities and the factors affecting its future development are set out in the Chair's statement on pages 4 to 9 and the Investment Manager's report on pages 28 to 31. The Company's principal and emerging risks are set out in the Strategic Report on pages 21 to 22.

The Board receives regular reports from the Investment Manager and Administrator and reviews the financial position, performance and liquidity of the Company's investment portfolio. Revenue forecasts and expense budgets are prepared at the start of each financial year and performance against plan is reviewed by the Board. Cash forecasts are prepared and reviewed by the Board as part of the HMRC investment test compliance monitoring.

The Directors have assessed 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.

The Company has sufficient cash at bank, funds held with the Custodian (£4.8 million and £8.8 million respectively at 30 September 2024) and liquid assets held across a diversified portfolio of investments in listed companies to meet obligations as they fall due. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. The major driver of cash outflows (dividends, buybacks and investments) are managed in accordance with the Company's key policies at the discretion of the Board or, in the case of the Company's investments, the Investment Manager.

The Board has reviewed forecasts and stress tests to assist them with their going concern assessment. These tests have included the modelling of a 15% reduction in NAV, whilst also considering ongoing compliance with the VCT investment test. It was concluded that in a plausible downside scenario the Company would continue to meet its liabilities.

The Directors have carefully considered the principal risk factors facing the Company, as described on pages 21 to 22 and their potential impact on income into the portfolio and the NAV. The Directors are of the opinion that the Company has sufficient cash and other liquid assets to continue to operate as a going concern, including under a stress scenario.

The Investment Manager has a team of five dedicated fund managers, analysts and a lawyer with multi-year experience working for the VCT. The Investment Manager and the Company's other key service providers have contingency plans in place to manage operational disruptions.

The Directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Therefore, they are satisfied that the Company should continue to operate as a going concern and report its financial statements on that basis.

Annual General Meeting

Shareholders are invited to attend the Company's forthcoming AGM to be held at 12.30 pm on 6 February 2025 at 88 Wood Street, London EC2V 7QR. The Company's Notice of AGM is set out on pages 101 to 105 of this Annual Report. Shareholders who are unable to attend the AGM in person are invited to vote by proxy ahead of the AGM and submit any questions in writing to the Company Secretary at HHV.CoSec@jtcgroup.com (please include 'HHV AGM' in the subject heading) by 5.00 p.m. on 30 January 2025. Answers will be published on the Company's website on 6 February 2025. Voting at the AGM will be conducted by way of a poll to ensure that each vote cast is counted.

A proxy form for the AGM is enclosed separately with Shareholders' copies of this annual report. The proxy form permits Shareholders to disclose votes 'for', 'against' and 'withheld'. A vote 'withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. Shareholders who wish to appoint a proxy are recommended to appoint the Chair of the AGM as their proxy.

Resolutions being proposed at the AGM

There are 14 resolutions being proposed at the forthcoming AGM, 12 as ordinary resolutions, including approval of the annual accounts and re-election of the Directors, and 2 resolutions as special resolutions, requiring a simple majority of 50 per cent and 75 per cent, respectively, of the votes cast in order for the resolutions to pass.

Resolution 11 – Authority to implement any scrip dividend offer

Ordinary resolution number 11 grants the Directors the necessary authority, in accordance with the terms of Article 29 of the Articles, to continue to offer a scrip dividend alternative in respect of future dividends made or paid in the period ending at the conclusion of the Annual General Meeting to be held in 2025. The Board believes that this continued authority offers the Company and its Shareholders a greater level of flexibility in relation to dividend payments. The appendix on pages 106 to 108 of this document sets out a summary of key terms and conditions of the Company's scrip dividend scheme. The full terms and conditions can be accessed via the Company's website (www.hargreaveaimvcts.co.uk) and are available on request from the Registrar.

Resolution 12 – Power to allot shares

Ordinary resolution number 12 will request the authority for the directors to allot up to an aggregate nominal amount of £367,326 representing approximately 10 per cent. of the total share capital of the Company in issue (excluding treasury shares) as at the date of this document, generally from time to time or pursuant to Shareholders' right to elect or participate in the DRIS operated by the Company in accordance with Article 29 of the Articles. This authority is in addition to any existing authorities.

The authority sought at the forthcoming AGM will expire 15 months from the date that this resolution is passed, or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Resolutions 13 and 14 are being proposed as special resolutions requiring the approval of at least 75 per cent. of the votes cast at the AGM.

Resolution 13 – Disapplication of pre-emption rights

Special resolution number 13 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing Shareholders. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority is limited to (i) an aggregate nominal amount of £183,663 (representing approximately 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at the date of this document) pursuant to the DRIS operated by the Company and (ii) for allotments generally from time to time, an aggregate nominal amount of £183,663 (representing approximately 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at the date of this document). This authority is in addition to any existing authorities.

The authority sought at the forthcoming AGM will expire 15 months from the date that this resolution is passed or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Resolution 14 – Purchase of own shares

Special resolution number 14 will request the authority to purchase a maximum of 14.99 per cent. of the Company's issued ordinary share capital at the date of the passing of the resolution being approximately 55,062,233 as at the date of this document at or between the minimum and maximum prices specified in resolution 12. Shares bought back under this authority may be cancelled or held in treasury.

The Board believes that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from Shareholders to do so. The passing of this resolution will replace and renew the buyback authority taken at the Company's last Annual General Meeting. During the financial year under review, the Company purchased 10,657,350 ordinary shares which were then cancelled.

The authority sought at the forthcoming AGM will expire 15 months from the date this resolution is passed, or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

Recommendation

The Directors believe that the passing of the resolutions above are in the best interests of the Company and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of these resolutions, as they intend to in respect of their own beneficial shareholdings amounting to 715,067 ordinary shares.

By order of the Board

David Brock
Chair

17 December 2024

Directors' remuneration report
For the year ended 30 September 2024

The Board presents this report which has been prepared in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Shareholders are encouraged to vote on the remuneration report annually at the Annual General Meeting and on the Company's remuneration policy at least every three years. Notwithstanding this, the Directors' policy is to put the remuneration policy to the vote of Shareholders at each Annual General Meeting.

The Company's independent auditor is required to audit certain disclosures provided in this report. Where disclosures have been audited, they are indicated in this report. The auditor's opinion is included in their report on pages 63 to 70.

Statement from the Chair of the Board in relation to Directors' remuneration matters

The Board is mindful of its obligation to set remuneration at levels which attract and maintain an appropriate calibre of individuals whilst simultaneously protecting the interests of Shareholders.

Following a review of the Board remuneration levels of the Company's peers and taking into account inflation, the Board has decided to increase its remuneration, effective 1 October 2024. As a result of the increases, the annual remuneration of the Chair will be £42,500, the independent non-executive directors will receive £33,000 and Oliver Bedford, who is not considered independent, will receive £30,500. An additional fee of £1,500 will continue to be paid to the Chair of the MSPEC and the Chair of the Audit Committee will continue to receive an additional fee of £3,000.

Remuneration responsibilities

As the Board consists entirely of non-executive directors it is considered appropriate that matters relating to remuneration are considered by the Board as a whole, rather than a separate remuneration committee.

All Directors are considered independent with the exception of Oliver Bedford who is an employee of the Investment Manager and is not therefore independent.

The remuneration policy is set by the Board, who consider the remuneration of each of the Directors and whether the remuneration policy is fair and in line with comparable VCTs and investment trusts. The Board deals with all matters relating to the Directors' remuneration and reporting thereon.

Policy on Directors' remuneration

The Company has no employees, so the Board's policy is that the remuneration of its Directors should be fair and reasonable in relation to the time commitment and responsibilities of the Directors and in line with the remuneration paid by other comparable listed VCTs and investment trusts. The Board aims to review Directors' remuneration from time to time.

Fees for the Directors are determined by the Board within the limits stated in the Articles. The maximum permitted by the Articles is £250,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options, other incentives or benefits. The Directors may be reimbursed for reasonable expenses incurred. The Directors do not receive payment on loss of office other than in lieu of notice period, if applicable.

Director's terms of appointment

It is the Board's policy that none of the Directors has a service contract. Each of the Directors has entered into an agreement with the Company when appointed. David Brock was appointed on 28 September 2010, Oliver Bedford on 13 December 2016, Angela Henderson on 29 October 2019, Justin Ward on 1 November 2020 and Busola Sodeinde and Megan McCracken on 1 June 2022. Either party can terminate the agreement by giving to the other at least three months' notice in writing.

The terms of appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting following their respective appointments. The Articles provide that a Director may retire at any Annual General Meeting following the Annual General Meeting at which he or she last retired and was re-elected provided that he or she must retire from office at or before the third Annual General Meeting following the Annual General Meeting at which he or she last retired and was re-elected. However, notwithstanding this, and in line with the provisions of the AIC Code, the Board agreed in July 2019 that all Directors will be subject to annual re-election at the AGM.

Basis of remuneration

All of the Directors are non-executive and considered to be independent with the exception of Oliver Bedford, who is not independent. It is not considered appropriate to relate any portion of their remuneration to the performance of the Company and therefore performance conditions have not been set in determining their level of remuneration. As the Company has no employees, it is not possible to take account of the pay and employment conditions of the employees when determining the levels of the Directors' remuneration.

The following table shows the expected maximum payment that can be received per annum by each Director for the year to 30 September 2025, together with a summary of the Company's strategy and how this is supported by the current remuneration policy.

Director	Role	Components of pay package	Expected Fees for the year to 30 September 2025	Performance Conditions	Company Strategy	Remuneration Policy
David Brock	Chair	Basic Salary	£42,500	N/A	To generate capital gains and income from its portfolio and make distributions from capital or income to Shareholders whilst maintaining its status as a Venture Capital Trust	The levels of remuneration are considered to be fair and reasonable in relation to the time committed, responsibilities of the Directors and in line with the remuneration paid by other VCTs and investment trusts
Oliver Bedford	Director		£30,500			
Angela Henderson	Director and Chair of the MSPEC		£12,000(1)			
Megan McCracken	Director		£34,000(2)			
Busola Sodeinde	Director		£33,000			
Justin Ward	Director and Chair of the Audit Committee		£36,000			

(1) Angela Henderson will not seek re-election at the forthcoming AGM. Therefore her expected fee for the year to 30 September 2025 has been calculated on a pro-rata basis.

(2) Megan McCracken will replace Angela Henderson as Chair of the MSPEC. The additional fee that Megan is entitled to as MSPEC Chair from the 2025 AGM has been calculated and included within the expected fee for the year 30 September 2025 on a pro-rata basis.

Annual remuneration report

The purpose of this report is to demonstrate the method by which the Board has implemented the Company's remuneration policy and provide Shareholders with specific information in respect of the Directors' remuneration.

Under s.439 of the Companies Act 2006, companies are required to ask shareholders to approve the annual remuneration paid to directors every year and to formally approve the directors' remuneration policy every three years. However, the Board's preferred approach is to put the remuneration policy to Shareholders annually for approval. Any change to the Directors' remuneration policy will require Shareholder approval. As in prior years, the vote on the Directors' remuneration report is an advisory vote, whilst the vote on the Directors' remuneration policy is binding.

Accordingly, ordinary resolutions will be put to Shareholders at the forthcoming AGM to be held on 6 February 2025, to receive and adopt the Directors' remuneration report and to receive and approve the Directors' remuneration policy.

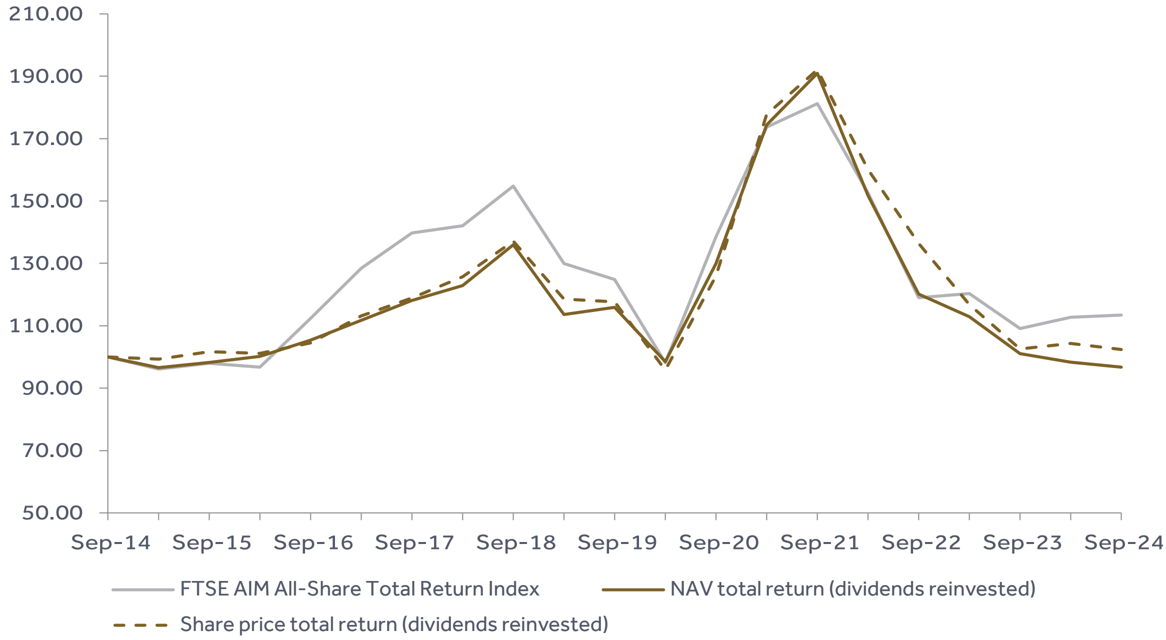
At the Annual General Meeting held on 8 February 2024, the following votes were cast on the Directors' remuneration report and the remuneration policy:

	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Remuneration report	14,147,293	90.14	1,548,285	9.86	14,147,293	478,536
Remuneration policy	13,827,588	88.56	1,786,973	11.44	13,827,588	559,553

Company performance

The Company was incorporated on 16 August 2004 and commenced trading on 29 October 2004. The performance chart below plots the Company's NAV total return (dividends reinvested) (rebased to 100) and share price total return (dividends reinvested) (rebased to 100) over the last 10 years compared to the FTSE AIM All-Share Index Total Return over the same period (also calculated on a dividends reinvested basis). This index was chosen for comparison purposes as it represents the closest comparable equity market index. However, HMRC derived investment restrictions, along with Qualifying Investments in private companies and fixed income securities and Non-Qualifying Investments in main market listed companies, predominantly in the FTSE 350, mean the index is not a wholly comparable benchmark for performance.

Performance against the FTSE AIM All-Share Index Total Return



Source: Bloomberg

Directors' emoluments for the year (audited)

The total emoluments of each person who served as a Director during the year are set out in the table below. David Brock is entitled to a higher fee due to his role as Chair of the Board, Justin Ward is entitled to a higher fee due to his role as Chair of the Audit Committee and Angela Henderson is entitled to a higher fee due to her role as Chair of the MSPEC.

	2024 Fees £	2024 Taxable Expenses £	2024 Total £	2023 Fees £	2023 Taxable Expenses £	2023 Total £
David Brock (Chair)	41,000	–	41,000	39,000	532	39,532
Oliver Bedford	29,500	–	29,500	28,000	–	28,000
Angela Henderson	33,500	–	33,500	32,000	–	32,000
Megan McCracken	32,000	71	32,071	30,500	–	30,500
Busola Sodeinde	32,000	–	32,000	30,500	–	30,500
Justin Ward	35,000	–	35,000	33,500	–	33,500
Total	203,000	71	203,071	193,500	532	194,032

Directors' annual percentage change in remuneration

The increase in Directors' remuneration over the last four years is set out in the table below. As the Company does not have any employees no comparisons are given for employees' remuneration increases.

	Date appointed	2020-2021	2021-2022	2022-2023	2023-2024
David Brock (Chair)(1)	28 September 2010	11.9%	6.6%	6.9%	5.13%
Oliver Bedford	13 December 2016	Nil	Nil	7.2%	5.36%
Angela Henderson(2)	29 October 2019	21.1%	7.6%	6.2%	4.69%
Megan McCracken(3)	1 June 2022	N/A	N/A	215.5%	4.92%
Busola Sodeinde(3)	1 June 2022	N/A	N/A	215.5%	4.92%
Justin Ward(4)	1 November 2020	N/A	18.4%	5.8%	4.48%

(1) David Brock's annual % change 2020-2021 reflects his fee increase following his appointment as Chair of the Board, effective February 2020.

(2) Angela Henderson received an additional £1,500 per annum with effect from 1 January 2021 for her role as Chair of the Management and Service Provider Engagement Committee.

(3) Megan McCracken and Busola Sodeinde were appointed with effect from 1 June 2022 and their annual % change 2022- 2023 reflects this.

(4) Justin Ward's annual % change 2021-2022 reflects his fee increase following his appointment as Audit Chair in February 2021.

Relative importance of spend on pay

The table below compares Directors' remuneration to Shareholder distributions (through dividend payments and share buybacks) in respect of the financial year ended 30 September 2024 and the preceding financial year:

	Year ended 30 September 2024 £	Year ended 30 September 2023 £	Growth %
Directors' remuneration(1)	203,000	193,500	4.9
Dividends paid	14,268,141	15,717,501	-9.2
Share buybacks	4,472,418	3,636,841	23.0

(1) The figures above exclude employer's National Insurance contributions.

Within the financial year, the Company paid interim and final dividends totalling 2.50 pence per share. The Company also paid a special dividend of 1.50 pence per share on 26 July 2024, taking the total cash distributions in the year to 4.00 pence per share, a 20% decrease on the prior year. Including share buybacks, the Company returned £18.7 million to Shareholders during the period under review.

In light of the significant time contributed by the independent non-executive Directors during the year, particularly from those with additional responsibilities as Chair of the Board and its sub committees, the Board agreed to a modest increase in the Directors' remuneration for the year ending 30 September 2025.

Directors' interests (audited)

The Directors' interests (including those of connected persons) in the issued share capital of the Company are outlined below. There is no minimum holding requirement that the Directors need to adhere to.

	Ordinary Shares			
	30 September 2023	30 September 2024	Acquired after Year end	Total holding at 17 December 2024
David Brock	122,606	339,336	–	339,336
Oliver Bedford	167,790	297,890	–	297,890
Angela Henderson	8,223	9,000	–	9,000
Megan McCracken	–	–	–	–
Busola Sodeinde	–	–	–	–
Justin Ward	62,899	68,841	–	68,841

Taxable benefits

The Directors who served during the year received no taxable benefits in the year.

Variable pay

The Directors who served during the year received no variable pay relating to the performance of the Company in the year.

Pension benefits

The Directors who served during the year received no pension benefits in the year.

Recruitment remuneration policy

The remuneration levels are designed to reflect the duties and responsibilities of the roles and the value of time spent in carrying these out. The Board will obtain independent advice on this where it considers it necessary. No such advice was taken during the year under review. This policy would be used when agreeing the remuneration of any new Director.

Approval

The Directors' remuneration report on pages 45 to 49 was approved by the Board on 17 December 2024 and will be further subject to an advisory vote at the forthcoming AGM being held on the 6 February 2025.

Signed on behalf of the Board.

David Brock
Chair

17 December 2024

Corporate governance
For the year ended 30 September 2024

Directors' statement of compliance with the UK Corporate Governance Code and AIC Code

Introduction

The Board recognises the importance of sound corporate governance and has chosen to comply with the AIC Code. The Board believes that the Company has complied with the principles and provisions of the AIC Code in the period under review, with the exceptions of the items outlined below:

- appointment of a senior independent director;
- establishment of a separate nomination committee; and
- establishment of a separate remuneration committee.

For the reasons provided in the relevant sections of this Corporate Governance Report, the Board considers these provisions are not relevant to the size, structure and business of the Company and has therefore not reported in respect of these provisions.

Copies of the AIC Code can be found on the AIC's website: https://www.theaic.co.uk.

Board leadership and purpose

The Board considers that the Company's business model remains attractive because of the potential returns available from investing in small companies and the advantageous VCT tax structure. The management of the investment portfolio has been delegated to the Investment Manager and, through regular meetings with the Investment Manager, the Board seeks to ensure that the portfolio is managed in accordance with the agreed investment objectives and policy. The Company's investment objectives and policy are shown on pages 11 to 13, these were reviewed during the year and deemed appropriate for the Company's needs. The Board seeks to control risk by ensuring that appropriate policies and controls are in place and by reviewing the Company's risk matrix every six months and taking mitigating action where necessary. A summary of the principal and emerging risks facing the Company is detailed on pages 21 to 22.

The Board carries out an annual review of its own culture, practices and behaviour, the findings from which are considered by the Board and any actions required are monitored.

Shareholder relations and relations with key stakeholders

The Directors have a duty to promote the success of the Company for the benefit of its members and communication with Shareholders is considered a high priority by the Board. The Board also has a responsibility to consider the interests of its other key stakeholders. Please see the section 172 statement on pages 17 to 20 for further information.

Management of conflicts of interest

In order to manage potential conflicts of interest the Board requires that any conflicts are declared at each meeting. A schedule of all the directorships held by Board members and Director shareholdings in unquoted companies in which the Company has an interest is maintained by the Company Secretary and reviewed by the Board. Where a conflict arises the Board will consider what is in the best interests of the Company and whether the relevant Director's ability to act in accordance with his or her wider duties is affected.

Director responsibilities

The Directors have adopted a formal Schedule of Matters Reserved for the Board which sets out the responsibilities of the Board, a copy of which is available on the Company's website. These matters include, but are not limited to:

- approving strategic objectives and reviewing the Company's strategy and investment policy to ensure it is consistent with the objectives of the Company;
- monitoring the performance of the Investment Manager and other key service providers;
- changes to the Company's structure and capital, this includes capital raising and reductions, policy on share buybacks and the approval of any borrowing arrangements;
- approval of all financial statements and any significant changes in accounting practices or policies;
- ensuring the maintenance of a sound system of internal control and risk management;
- carrying out an annual review of the contracts in place with key service providers and approving any other materially strategic contracts;
- communication with Shareholders;
- appointment and removal of the Company Secretary;
- determining the remuneration of the Chair and other directors subject to the Articles and Shareholder approval as appropriate; and
- responsibility for all corporate governance matters.

The Directors have delegated the responsibility for the day to day investment management decisions of the Company to the Investment Manager. The provision of administration and custodian services were delegated to CGWL until 30 September 2024. The administration services were novated from CGWL to CGAM with an effective date of 1 October 2024.

The following tables set out the number of scheduled Board meetings, valuation meetings, Audit Committee meetings and MSPEC meetings held during the year and the number of meetings attended by each individual Director:

	Number of Scheduled Board Meetings	
	Held	**Attended**
David Brock (Chair)	5	5
Oliver Bedford	5	5
Angela Henderson	5	5
Megan McCracken	5	5
Busola Sodeinde	5	5
Justin Ward	5	5

	Approval of private company valuations Number of Board Meetings	
	Held	**Attended**
David Brock (Chair)	4	4
Oliver Bedford	4	4
Angela Henderson	4	4
Megan McCracken	4	4
Busola Sodeinde	4	3
Justin Ward	4	4

	Number of Audit Meetings	
	Held	**Attended**
Justin Ward (Chair)	3	3
Angela Henderson	3	3
Megan McCracken	3	3
Busola Sodeinde	3	3

	Number of Management and Service Provider Engagement Meetings	
	Held	**Attended**
Angela Henderson (Chair)	2	2
David Brock	2	2
Megan McCracken	2	2
Busola Sodeinde	2	2
Justin Ward	2	2

The Board also held a number of ad-hoc meetings outside of the scheduled meeting cycle to meet business needs.

Board Committees

The Board has established an Audit Committee and MSPEC. The terms of reference for these committees are available on the Company's website.

Due to the size, structure and business of the Company and the experience of its Board members, separate remuneration and nomination committees have not been established. These roles are instead fulfilled by the Board as a whole. A statement from the Chair in relation to Directors' remuneration matters is included in the Directors' Remuneration Report on page 45.

Audit Committee

Information regarding the composition, responsibilities and activities of the Audit Committee are detailed in the report of the Audit Committee on pages 56 to 58. During the year, no fees were paid to the Company's auditors for non-audit services (2023: nil).

Management and Service Provider Engagement Committee

Information regarding the composition, responsibilities and activities of the MSPEC are detailed on page 59.

Board and Director independence

As at 30 September 2024, the Board consisted of six directors, all of whom are non-executive.

The Board considers that with, the exception of Oliver Bedford, all of the Directors remain independent. David Brock, Chair of the Company, has served on the Board for 14 years since his initial appointment. The Board does not have a policy of restricting the term served by Directors to a fixed time limit. As part of the Board evaluation process a rigorous review was carried out on the Chair's independence, without him present. The Directors concluded that, notwithstanding his tenure, David Brock is still considered to be independent given that he was independent upon his appointment, throughout his tenure there has been the absence of connections with the Investment Manager or any other of the Company's advisers, he does not have any involvement in the day to day running of the Company and his experience and the range of skills that he brings to the Board, including his constructive challenge and support, continues to be beneficial to the success of the Company. All new Directors are required to disclose other roles prior to their appointment and the Board requires that any new significant additional external appointments receive prior Board approval.

Board induction and training

On appointment to the Board, Directors are fully briefed as to their responsibilities and are kept regularly informed of industry and regulatory developments. There is no formal training schedule in place. Directors' training needs are identified as part of the Board evaluation process and addressed on a case by case basis.

Board meetings

The Administrator and the Company Secretary ensure that the Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made.

The Board meets on a regular basis at least five times each year, with additional meetings arranged as necessary. The Board continued to make effective use of technology to enable it to operate efficiently which included holding some meetings virtually and the use of electronic board packs.

The primary focus at these meetings is the review of the Company's investment performance, progress against KPIs and corporate governance.

Relationship with the Investment Manager

Both the Schedule of Matters Reserved for the Board and the IMA with the Investment Manager clearly set out those areas of decision making over which the Investment Manager has discretion. The Board's responsibility is to review the Company's strategy and investment policy to ensure it is consistent with the objectives of the Company, and monitor the performance and investment approach of the Investment Manager.

The Directors have delegated responsibility for day to day investment management decisions to the Investment Manager and a review of the investment portfolio is carried out at each Board meeting. The report produced by the Investment Manager includes information on investment performance and fund positioning, benchmarking against both indices and peers, liquidity analysis, cash management and deal flow.

A formal review of the Investment Manager was carried out by the MSPEC in November 2024. The Board, excluding the Investment Manager, accepted the Committee's recommendation that the continuing appointment of the Investment Manager was in the best interests of the Company and its Shareholders. Details of the contractual arrangements with the Investment Manager can be found on page 40.

Relationship with other service providers

The Company maintains a schedule of the contracts that it has in place with its service providers (including the Administrator, Company Secretary, Custodian and Registrar) and the service provided by each is monitored and reviewed by the MSPEC annually.

The Board has direct access to the Company Secretary, who is responsible for the timely delivery of relevant information and advising the Board on all governance matters. JTC (UK) Limited was appointed as Company Secretary on 15 January 2021 and a formal agreement detailing the responsibilities of the Company Secretary to the Company is in place.

The Board has access to independent professional advice from lawyers and tax advisers etc. This is obtainable at the Company's expense where the Directors consider it necessary in order to be able to properly discharge their responsibilities.

Board composition

Due to the independent nature of the majority of its members, the Board does not consider it necessary to appoint a senior independent director. However, this will be kept under review. For the same reason, the Board has not established a separate nomination committee and all nomination responsibilities are therefore carried out by the Board as a whole. These responsibilities include reviewing the size, structure and skills of the Board and considering any changes necessary or new appointments. Directors are required to seek approval from the Board prior to taking on any new significant external appointments.

All Directors are subject to annual re-election. The Board considers that due to their individual skills, experience and commitment the re-election of all Directors is merited. Angela Henderson will not be standing for re-election and the remaining Directors will offer themselves for re-election. Megan McCracken will replace Angela as Chair of the MSPEC following the 2025 AGM.

David Brock is a highly experienced company director with specific expertise directly relevant to investing in private companies.

Oliver Bedford is the Lead Fund Manager to the Company, has strong technical knowledge covering the VCT Rules and is an effective liaison between the Company and the Investment Manager.

Megan McCracken is an experienced director and brings cross sector knowledge from her executive career.

Busola Sodeinde is a chartered accountant with significant regulatory and governance experience.

Justin Ward is a chartered accountant and has extensive experience in unquoted company investment.

The role of the Chair

The Chair leads the Board, and so is responsible for its effectiveness in directing the Company. By promoting a culture of openness and positive debate, whilst demonstrating independent and objective judgement throughout his tenure, the Chair sets the tone for the Company and enhances the Board's performance. The Chair encourages all non-executive directors to make an effective contribution to the Board and acts to facilitate constructive Board relations. In conjunction with the Company Secretary, the Chair ensures that the Directors receive accurate and clear information on a timely basis.

Board succession

The Board's policy for succession planning is that there should be forward-looking and detailed succession and refreshment plans when proposing the re-election of long-serving members. Any member of the Board who has served for nine years will be subject to a particularly rigorous review and evaluation process to determine whether they remain independent and should continue in their position. Each Board member is subject to annual re-election at each Annual General Meeting of the Company.

Board tenure

The Company has put in place a policy on the tenure of its Board members (the Board Tenure and Succession Planning Policy). The Board Tenure and Succession Planning Policy states that the term the Chair and other Directors serve on the Board should not be restricted to a fixed time limit.

The relevance of the individual length of service of the Chair and other Directors will be determined on a case by case basis. In addition to the length of service, consideration will be given to the contribution and ongoing independence of the individuals and the overall composition of the Board, including the experience and range of skills of the Directors. By adopting a rounded approach, the Board believes it is best placed, through careful succession planning, to ensure that it has appropriate levels of experience and diversity while introducing new Board members as needed.

David Brock, Chair of the Company since February 2020, joined the Board in 2010. David is still considered to be independent given the absence of connections with the Investment Manager, or any other of the Company's advisers and, as a highly experienced company chair, is ideally suited to guide the Board at a time when it is enacting its succession plans.

In recent years the Board has successfully added new directors with complementary skills through the appointments of Megan McCracken and Busola Sodeinde in June 2022. Summary biographies of all the Directors can be found on page 40.

Board evaluation

The Directors recognise the importance of evaluating both the performance of the Board as a whole, individual Directors as well as the Committees.

The annual Board evaluation is carried out by means of a questionnaire which includes accountability and effectiveness, culture, a Directors' self-assessment and an appraisal of the Chair.

A Board evaluation covering the year under review was carried out. Following this the Board is satisfied with the results and finds that the Board, the Chair and the Directors are suitably qualified to undertake their responsibilities, perform their duties in respect of managing the Company and that the Board culture remains strong.

During the year, the Board also considered whether it was appropriate to have an externally facilitated Board evaluation. Following due consideration and taking into account the satisfactory results of the Board evaluation, this was not deemed necessary, but will be kept under review.

Risk and internal control

The Directors acknowledge that they are responsible for the Company's systems of internal financial and non-financial controls. The controls are operating effectively and continue to be in place up to the date of this report. The key components of this process are as follows:

- day to day measures have been delegated to the Investment Manager, Administrator and Custodian. Written agreements are in place which define the roles and responsibilities of these parties including the investment policy to be followed by the Investment Manager. The Board receives regular reports to provide it with assurance that appropriate oversight is in place. Additionally, the Board receives and reviews the annual internal control report published by its Registrar;

- on a quarterly basis, amongst other things, the Board reviews the Company's management accounts, KPIs and investment reports provided by the Administrator and Investment Manager;
- annual and half-yearly reports and associated announcements are reviewed and approved by the Board prior to publication;
- a detailed risk matrix is maintained, this identifies each of the Company's principal and emerging risks, assesses the potential impact and describes the controls in place to mitigate those risks. A summary of the principal and emerging risks can be found in the Strategic Report on pages 21 to 22. The risk matrix is discussed regularly at Board and Audit Committee meetings, thereby ensuring that the nature and extent of the risks facing the Company are being actively monitored; and
- the Company's internal policies are reviewed on an annual basis, either by the Board or the Audit Committee. The Board has also reviewed a summary of the range of risk management and internal controls it has in place to satisfy itself that the overall system of controls remains appropriate.

All of the Company's management functions are performed by the Investment Manager, the Administrator and the Company Secretary, all of which have their own control systems in place. The Board receives regular reports to provide it with assurance that appropriate oversight is being applied and so has decided that the Company does not need its own internal audit function.

The Board considers that the control systems in place provide reasonable, but not absolute, assurance against material misstatement or loss, and manage, rather than eliminate, the risk of failure to achieve business objectives.

Diversity

The Board has adopted a Diversity Policy and considers that a combination of skills, experience, knowledge, independence, race, age, gender, educational and professional background along with other relevant personal attributes provide the range of perspectives, insights and challenge needed to support good decision making.

As at 30 September 2024, the Board comprised six non-executive directors, three male and three female (being 50% female representation).

In accordance with UK Listing Rule 6.6.6R 9, the Company is required to include a statement in the annual financial report setting out whether it has met the following targets on Board diversity:

a) at least 40% of individuals on the Board are women;

b) at least one of the senior Board positions (defined by the FCA as either the Chair, SID, CEO or CFO) is held by a woman; and

c) at least one individual on the Board is from a minority ethnic background.

The following tables set out the composition of the Board as at 30 September 2024 and the date of this report. The information is based on voluntary self-declaration made by the Directors.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	3	50%	*Not applicable – see note.
Women	3	50%	
Not specified/ prefer not to say	–	–	–

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
White British or other White (including minority-white groups)	5	83.33%	*Not applicable – see note.
Black/African/ Caribbean/Black British	1	16.67%	

* The Company is externally managed, does not have executive management functions and specifically does not have a CEO, CFO or SID.

Remuneration

As the Company has no employees, and the Board wholly comprises non-executive Directors, the Board has not established a separate remuneration committee and all remuneration responsibilities are therefore carried out by the Board. The Company's disclosure with regard to remuneration is included on pages 45 to 49.

Going concern

Under the AIC Code, the Board needs to consider whether it is appropriate to adopt the going concern basis of accounting in preparing these financial statements. The Board continues to adopt the going concern basis and the detailed consideration is contained on pages 43 to 44.

Viability Statement

The viability statement, under which the Directors assess the prospects of the Company over a longer period, is contained on page 23.

Modern Slavery Statement

As an investment company with no employees or customers and which does not provide goods or services in the normal course of business, the Company considers that it does not fall within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a human trafficking statement. The Company's own supply chain, which consists predominantly of professional advisers and service providers in the financial services industry, is considered to be low risk in relation to this matter.

Additional disclosures in the Directors' Report

Additional disclosures required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) are contained in the Directors' Report on pages 41 to 44.

For and on behalf of the Board.

JTC (UK) Limited
Company Secretary

17 December 2024

Report of the Audit Committee

Composition of the Audit Committee

The Audit Committee consists of four independent non-executive directors at the year-end: Justin Ward (Chair), Angela Henderson, Megan McCracken and Busola Sodeinde.

The Board confirms that, in line with the recommendations of the AIC Code, at least one member of the Audit Committee has recent and relevant financial experience. Justin Ward and Busola Sodeinde are both chartered accountants. Angela Henderson and Megan McCracken have relevant financial experience and the Board is confident that the Committee as a whole has competence relevant to the sector in which the Company operates. Oliver Bedford and David Brock are not members of the Audit Committee due to their respective roles as Lead Fund Manager and Chair of the Board.

Duties of the Audit Committee

The main responsibilities of the Audit Committee are as follows:

- to monitor the integrity of the Company's financial statements including the interim reports, preliminary announcements and related formal statements before submission to and approval by the Board, paying particular attention to:
    - critical accounting policies and practices and any changes in them;
    - the clarity of disclosures;
    - compliance with accounting standards; and
    - compliance with stock exchange and other legal requirements.
- to review the effectiveness of the Company's internal financial control and risk management systems;
- to consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor; and
- to assess the independence and objectivity of the external auditors and the effectiveness of the external audit process. The external auditor is not engaged to supply any non-audit services.

Meetings

The Committee met three times during the year to consider the annual and half-year reports for the Company and review the audit plan. The Company Secretary attends meetings as Secretary to the Committee and representatives of the Investment Manager as well as the Company's external Auditor, BDO LLP, are also invited to attend. The Committee's terms of reference were reviewed during the year and are available on the Company's website (www.hargreaveaimvcts.co.uk) and by request from the Company Secretary.

Activities during the year

A summary of the Audit Committee's principal activities and key considerations for the year to 30 September 2024 is provided below.

Financial statements

The interim and annual reports to Shareholders and the accounting policies therein were thoroughly reviewed by the Audit Committee prior to submission to the Board for approval.

The Committee carried out a going concern assessment, taking into account all reasonably available information about the future financial prospects of the Company as well as the possible outcomes of events and changes in conditions. Following this assessment, the Audit Committee considered it was appropriate to adopt the going concern basis of accounting and reviewed the going concern statement to ensure any significant issues were described in a concise and understandable form.

The Audit Committee also conducted a review of the viability statement and concluded that this was a fair representation of the Company's future prospects and that the period of the viability statement remained appropriate.

The Audit Committee is of the view that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

The Investment Manager and the Auditor confirmed to the Audit Committee that they were not aware of any material misstatements to the financial statements. Having reviewed the financial statements and the report produced by the Auditor, the Audit Committee was satisfied that key areas of risks and judgement were appropriately addressed.

Risk and Internal Control

The Board has identified the key risks faced by the Company and these are set out in the principal and emerging risks and uncertainties section on pages 21 to 22. The Audit Committee (and the Board as a whole) has received and reviewed periodic reports to provide it with assurance that appropriate oversight of controls is in place at its key third party providers and to highlight instances of non-compliance.

The Audit Committee has sought and obtained assurance from the Investment Manager that policies are in place covering whistleblowing and to help prevent bribery, corruption and fraud. The Investment Manager has also confirmed that, during the financial year, no instances of bribery, corruption and fraud have been detected that would have impacted the Company. The Audit Committee has received a summary of the Investment Manager's approach to mitigating cyber security risks.

The Board maintains a schedule of anti-fraud controls that is reviewed by the Audit Committee, and they are satisfied that the Board have sufficient oversight and that adequate procedures are in place.

Key areas of risk

The key areas of risk identified by the Audit Committee in relation to the business activities and financial statements of the Company are as follows:

- compliance with HMRC legislation to maintain the Company's VCT status;
- valuation and safe custody of investments; and
- revenue recognition.

These issues were discussed with the Investment Manager during the year and with the Auditor, at the time the Audit Committee reviewed and agreed the Auditor's audit plan and when the Auditor presented its findings at the conclusion of its year-end audit. The Audit Committee concluded:

- **Venture Capital Trust Status.** The Investment 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 status is also reviewed by the Company's tax advisers Philip Hare & Associates LLP and further half-yearly reconciliations are carried out. These reports are reviewed by the Board as a whole, which is satisfied with the conclusions;
- **Valuation and safe custody of investments.** The valuation of investments is undertaken in accordance with the accounting policies in note 1 to the financial statements. The Investment Manager has confirmed to the Audit Committee that the basis of valuation for unquoted investments was in accordance with industry guidelines. The Auditor confirmed to the Audit Committee that they had reviewed the estimates and judgements made by the Investment Manager when valuing the unlisted companies and that the valuations proposed were acceptable. They further confirmed that there was no evidence of bias in the valuations of the investments based on the audit work performed. The Custodian provides the Company with quarterly reports confirming that reconciliations to check the safe custody of the Company's investments have been carried out. Management accounts, including a full portfolio listing, are considered at quarterly board meetings; and
- **Revenue recognition.** The recognition of dividend and interest income is undertaken in accordance with accounting policy note 1 to the financial statements. Management accounts showing income received by the Company, and its categorisation, are reviewed by the Board on a quarterly basis. The Committee also considered the Auditor's review of this area and concluded that there were no issues which needed to be addressed.

Relationship with the external auditor

The Audit Committee is responsible for overseeing the relationship with the Auditor, assessing the effectiveness of the external audit process and making recommendations on the appointment and removal of the Auditor, including the level of audit fees and terms of engagement. The Audit Committee meets with the Auditor as part of the audit process.

The Audit Committee undertook a review of the Auditor's performance during the 2024 audit and concluded that the Auditor:

- provided a clear explanation of the audit plan, scope and strategy;
- met the agreed audit plan;
- was appropriately resourced with sound technical knowledge and demonstrated a clear understanding of the business;
- demonstrated a proactive approach to the planning process and engaged well with the Audit Committee, Chair and other key individuals within the business;
- responded to the Audit Committee's questions and handled key audit issues effectively;
- demonstrated that it had appropriate procedures and safeguards in place to maintain its independence and objectivity; and
- charged justifiable fees in respect of the scope of services provided.

The Audit Committee is aware of the FRC's Audit Quality Inspection and Supervision report published in July 2024 relating to the inspection cycle 2023/2024, where concerns were raised about the performance of BDO LLP. This was discussed in detail with the Auditor in a meeting of the Audit Committee and, particularly, the Committee sought assurance that none of the Company's audits had been impacted by the matters raised in the report. The Committee also sought assurance on the quality and consistency of future audits whilst the Auditor implemented a remediation plan. The Committee received details on the improvement plan and was comfortable with the assurances given to their queries. The Committee was keen to keep the matter under review and the Auditor agreed to provide updates on the progress of the ongoing improvements.

The Audit Committee concluded that it is satisfied with the standard of service received and that the re-appointment of the Auditor was in the best interest of the Company and its Shareholders and accordingly the Audit Committee has recommended to the Board that a resolution to re-appoint the Auditor is proposed to Shareholders at the forthcoming AGM.

The Audit Committee undertook a tender process in 2017 in line with mandatory audit tendering legislation. In accordance with the FRC's Ethical Standard for Auditors, rotation of the audit partner took place during the year.

Subject to the Audit Committee continuing to be satisfied with the performance of the Auditor, the next statutory auditor rotation will take place in 2026, in line with legislative requirements for UK public entities and this is under review by the Audit Committee.

Policy Reviews

During the year, the Audit Committee conducted a review of certain Company policies and, where relevant, provided recommendations to the Board regarding the continued appropriateness of these policies. Minor changes were made to the policies throughout the year. Each policy is reviewed at least annually, and the Company Secretary maintains a record of when each policy is due for review by the Audit Committee or the Board.

Compliance Control

The Audit Committee receives a compliance control report on a quarterly basis, which details an operational update from the Administrator as well as confirmation that the Administrator, Custodian and Receiving Agent have carried out their relevant duties under the terms of their respective agreements with the Company. No compliance issues were reported during the year.

Justin Ward
Chair of the Audit Committee

17 December 2024

Report of the Management and Service Provider Engagement Committee

Composition of the Management and Service Provider Engagement Committee

The MSPEC comprises all the independent non-executive directors and is chaired by Angela Henderson. The MSPEC's terms of reference were reviewed during the year and are available on the Company's website (www.hargreaveaimvcts.co.uk) and by request from the Company Secretary.

Duties of the Management and Service Provider Engagement Committee

The duties of the MSPEC are to review the terms of appointment and evaluate the performance of the Investment Manager, review the performance and fees of the Administrator and other key service providers of the Company and to decide whether it is in the best interests of Shareholders, to recommend to the Board, that those appointments should continue. The Auditor is not reviewed by the MSPEC as their appointment falls under the remit of the Audit Committee.

The key areas of focus for the MSPEC are:

- monitoring and evaluating the performance of the Investment Manager;
- reviewing at least annually the performance of the Investment Manager;
- reviewing at least annually the terms of appointment of the Investment Manager including but not limited to the level of fees and the notice period of the Investment Manager; and
- reviewing the performance and fees of the other key service providers to the Company.

Meetings

The MSPEC met twice during the year to review the performance of the Investment Manager and other key service providers. The Company Secretary attends meetings as Secretary to the MSPEC but takes no part in discussions relating to its own performance. The Investment Manager is also invited to attend the meetings as appropriate, to provide its feedback on the Company's service providers.

Activities during the year

A summary of the MSPEC's principal activities and key considerations for the year to 30 September 2024 is provided below.

Review of the Investment Manager

The MSPEC reviewed the performance of the Investment Manager during the year. The Investment Manager was asked to provide a report detailing the Company's performance against its key performance indicators during the current year and previous years, the contents of which were considered by the MSPEC as part of its review. The Company Secretary was also invited to provide feedback on its experience of working with the Investment Manager. The views of the MSPEC and the Company Secretary, which were positive, were subsequently provided to the Investment Manager by the Chair of the MSPEC. The MSPEC is satisfied that its queries and concerns have been adequately addressed throughout the remainder of the year.

Following the MSPEC's recommendation, the Board concluded that the continuing appointment of the Investment Manager was in the best interests of Shareholders and the Company.

Review of Key Service Providers

The MSPEC reviewed the contractual terms, fees and service levels from its other key service providers during the year. Each provider was asked to complete a questionnaire assessing its own performance and confirming it has complied with legislation and statutory requirements relating to its role.

The Investment Manager, Administrator and Company Secretary each provided feedback on their experience of working alongside the other service providers. This was generally positive, with some areas for improvement being identified and fed back to each provider as appropriate.

Following a detailed review of the feedback and information provided, the MSPEC concluded it is satisfied that the service providers currently engaged by the Company are competent to carry out their roles.

Angela Henderson
Chair of the MSPEC

17 December 2024

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the UK Listing Rules of the Financial Conduct Authority.

The Companies Act 2006 (and related legislation) requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements and have elected to prepare the company financial statements in accordance with UK GAAP and the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK GAAP, 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 directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for Shareholders to assess the Company's position and 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. The Company's website address is https://www.hargreaveaimvcts.co.uk. 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' responsibility statement pursuant to DTR4

Each of the Directors, David Brock (Chair), Oliver Bedford, Angela Henderson, Justin Ward, Megan McCracken and Busola Sodeinde, confirms to the best of their knowledge that:

- the financial statements have been prepared in accordance with UK GAAP and give a true and fair view of the assets, liabilities, financial position and profit 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 it faces.

Disclosure of information to the Auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

For and on behalf of the Board.

David Brock
Chair
17 December 2024

Financial statements

Independent auditor's report to the members of Hargreave Hale 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 30 September 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hargreave Hale AIM VCT PLC (the "Company") for the year ended 30 September 2024 which comprise the Income statement, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and Notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors in January 2007 to audit the financial statements for the year ended 30 September 2007 and subsequent financial periods. The period of total uninterrupted engagement including re-tenders and reappointments is 18 years, covering the years ended 30 September 2007 to 30 September 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements of the Company, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the VCT compliance reports during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- evaluating the Directors' method of assessing the going concern in light of market conditions.

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

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

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

Overview

		2024	2023
Key audit matters	Valuation and ownership of investments	✓	✓
Materiality	*Company financial statements as a whole* £1,350,000 (2023: £1,330,000) based on 1% of adjusted net assets.		

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of investments **(Note 1 and Note 7 to the financial statements)**	The investment portfolio comprises quoted, unit trust fund and unquoted investments held at fair value through profit and loss. Quoted and unit trust fund investments total £120.5 million (90%) of the investment portfolio and unquoted investments make up £13.7 million (10%). 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.	We assessed the design and implementation of controls in relation to the valuation of investments. In respect of quoted investments, we responded to this matter by testing 100% of the valuation and ownership of the portfolio. We performed the following procedures: • Confirmed the year end bid price was used by agreeing to externally quoted prices; • Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; • Recalculated the valuation by multiplying the number of shares held per the statement obtained from the Custodian by the valuation per share; and • Obtained direct confirmation from the custodian and agreed all investments held at the balance sheet date to CREST records.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1 and Note 7 to the financial statements)	Whilst we do not consider the valuation of the listed investments to be subject to a significant degree of estimation or judgement, there is a risk that the prices used by the Company are not reflective of the fair value of those investments as at the year end. The unlisted investments have significant judgement involved in selecting a valuation methodology and significant estimation uncertainty involved in determining their valuations. There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on a percentage of the value of the net assets of the fund, as shown in note 3 For these reasons and the materiality of the balance in relation to the Financial Statements as a whole, we considered this to be a key audit matter.	We assessed the valuation and ownership of the unquoted investment portfolio that constitutes the year-end unquoted investments balance, performing the following procedures: • Challenged whether the valuation methodology was the most appropriate in the circumstances under the IPEV Guidelines and the applicable accounting standards. • Obtained capital tables directly from the investee companies to confirm the ownership at year end and recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies; • Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues used in the valuation; • Considered the multiples applied and the discounts applied by reference to observable listed company market data; • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the multiple applied in arriving at the valuations adopted, by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate; • Challenged assumptions made in respect of the probability weighted average methodology applied to convertible loan note scenarios for example assessing the likelihood of early redemption, redemption at maturity, assumptions made in respect of sale and profit forecasts and recalculating the value of the convertible instrument; and

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Note 1 and Note 7 to the financial statements)		• Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. **Key Observations:** Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of investments was not appropriate and we are satisfied that the estimates and judgements made in the unquoted investment valuations are appropriate considering the level of estimation uncertainty.

Our application of materiality

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

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

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

	Company Financial statements	
	2024 £	2023 £
Materiality	1,350,000	1,330,000
Basis for determining materiality	1% of net assets adjusted to exclude funds raised during the year	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. The Company's portfolio mainly comprises quoted investments, which are considered low risk. Since the portfolio is low risk where fair values are highly visible, we have applied a percentage of 1% of adjusted net asset value. An adjusted benchmark was used to exclude the effects of cash that has been raised from fundraising during the year.	
Performance materiality	1,012,000	1,000,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £27,000 (2023: £26,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 43; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 23.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 60; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 23; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 21; and • The section describing the work of the Audit Committee set out on page 56.

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be Companies Act 2006, the UK Listing Rules and Disclosure Guidance and Transparency Rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status.

Fraud

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

Our risk assessment procedures included:

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

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

Our procedures in respect of the above included:

- The procedures set out in the Key Audit Matters section above relating to valuation of the unquoted investments;
- Review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
- Review and consideration of the appropriateness of adjustments made in the preparation of the financial statements; and
- Review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

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

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

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

Use of our report

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

Elizabeth Hooper (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
17 December 2024

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

Income statement

	Note	Year to 30 September 2024 Revenue £000	Capital £000	Total £000	Year to 30 September 2023 Revenue £000	Capital £000	Total £000
Net loss on investments held at fair value through profit or loss	7	**–**	**(5,341)**	**(5,341)**	–	(28,455)	(28,455)
Income	2	**2,849**	**–**	**2,849**	2,616	–	2,616
		2,849	**(5,341)**	**(2,492)**	2,616	(28,455)	(25,839)
Management fee	3	**(641)**	**(1,924)**	**(2,565)**	(699)	(2,098)	(2,797)
Other expenses	4	**(1,485)**	**(43)**	**(1,528)**	(1,052)	(39)	(1,091)
		(2,126)	**(1,967)**	**(4,093)**	(1,751)	(2,137)	(3,888)
Profit/(loss) on ordinary activities before taxation		**723**	**(7,308)**	**(6,585)**	865	(30,592)	(29,727)
Taxation	5	**–**	**–**	**–**	–	–	–
Profit/(loss) after taxation		**723**	**(7,308)**	**(6,585)**	865	(30,592)	(29,727)
Basic and diluted earnings/(loss) per share	6	**0.20p**	**(2.06)p**	**(1.86)p**	0.27p	(9.59)p	(9.32)p

The total column of these statements is the income statement of the Company. All revenue and capital items in the above statements derive from continuing operations. There was no other comprehensive income other than the loss for the year.

The accompanying notes are an integral part of these financial statements.

Balance sheet

As at 30 September 2024

Company Registration Number 5206425 (In England and Wales)

	Note	2024 £000	2023 £000
Fixed assets			
Investments at fair value through profit or loss	7	**134,277**	132,120
Current assets			
Debtors	9	**1,047**	1,475
Funds held with Custodian(1)	15	**8,846**	8,119
Cash at bank and in hand(1)		**4,766**	11,112
		14,659	20,706
Creditors: amounts falling due within one year	10	**(927)**	(906)
Net current assets		**13,732**	19,800
Total assets less current liabilities		**148,009**	151,920
Capital and Reserves			
Called up share capital	11	**3,649**	3,278
Share premium		**21,222**	286
Capital redemption reserve		**379**	272
Capital reserve – unrealised		**16,046**	13,640
Special reserve		**159,022**	177,762
Capital reserve – realised		**(50,785)**	(41,071)
Revenue reserve		**(1,524)**	(2,247)
Total Shareholders' funds		**148,009**	151,920
Net asset value per share (basic and diluted)	**12**	**40.55p**	46.34p

(1) Cash at bank and in hand in the Balance Sheet has been restated to show separately Funds held with Custodian for the year ended 30 September 2023, to conform with the requirements of the Companies Act 2006 – Statutory format of the Balance Sheet. There is no impact on other line items in the Balance Sheet nor the total net current assets.

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 17 December 2024 and signed on its behalf by

David Brock
Chair

17 December 2024

Statement of changes in equity

For the year ending 30 September 2024

	Note	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Capital Reserve Unrealised £000	Special Reserve £000	Capital Reserve Realised £000	Revenue Reserve £000	Total £000
				Non-distributable reserves		Distributable reserves [1]			
At 1 October 2023		**3,278**	**286**	**272**	**13,640**	**177,762**	**(41,071)**	**(2,247)**	**151,920**
Profit and total comprehensive income for the year									
Realised (losses) on investments	7	–	–	–	–	–	(3,570)	–	(3,570)
Unrealised (losses) on investments	7	–	–	–	(1,771)	–	–	–	(1,771)
Management fee charged to capital	3	–	–	–	–	–	(1,924)	–	(1,924)
Transaction costs charged to capital		–	–	–	–	–	(33)	–	(33)
Income allocated to capital	2	–	–	–	–	–	–	–	–
Due diligence investments costs	4	–	–	–	–	–	(10)	–	(10)
Revenue profit after taxation for the year		–	–	–	–	–	–	723	723
Total (loss) after taxation for the year		**–**	**–**	**–**	**(1,771)**	**–**	**(5,537)**	**723**	**(6,585)**
Contributions by and distributions to owners									
Subscription share issues	11	445	19,876	–	–	–	–	–	20,321
Issue costs	11	–	(347)	–	–	–	–	–	(347)
Share buybacks	11	(107)	–	107	–	(4,472)	–	–	(4,472)
DRIS share issues	11	33	1,407	–	–	–	–	–	1,440
Equity dividends paid	16	–	–	–	–	(14,268)	–	–	(14,268)
Total contributions by and distributions to owners		**371**	**20,936**	**107**	**–**	**(18,740)**	**–**	**–**	**2,674**
Other movements									
Capital reduction	11	–	–	–	–	–	–	–	–
Diminution in value		–	–	–	4,177	–	(4,177)	–	–
Total other movements									
At 30 September 2024		**3,649**	**21,222**	**379**	**16,046**	**159,022**	**(50,785)**	**(1,524)**	**148,009**

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2024 were £106.6 million, adjusted to remove £0.1 million accumulation income included in the revenue reserve but not distributable (2023: £134.4million). The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 30 September 2024, £108.9 million of the special reserve is subject to this restriction.

Statement of changes in equity

For the year ending 30 September 2023

	Note	Share Capital £000	Share Premium £000	Non-distributable reserves: Capital Redemption Reserve £000	Non-distributable reserves: Capital Reserve Unrealised £000	Distributable reserves [1]: Special Reserve £000	Distributable reserves [1]: Capital Reserve Realised £000	Distributable reserves [1]: Revenue Reserve £000	Total £000
At 1 October 2022		**2,666**	**93,660**	**201**	**23,935**	**63,931**	**(20,774)**	**(3,112)**	**160,507**
Profit and total comprehensive income for the year									
Realised (losses) on investments	7	–	–	–	–	–	(8,245)	–	(8,245)
Unrealised (losses) on investments	7	–	–	–	(20,210)	–	–	–	(20,210)
Management fee charged to capital	3	–	–	–	–	–	(2,098)	–	(2,098)
Income allocated to capital	2	–	–	–	–	–	–	–	–
Due diligence investments costs	4	–	–	–	–	–	(39)	–	(39)
Revenue profit after taxation for the year		–	–	–	–	–	–	865	865
Total (loss) after taxation for the year		–	–	–	**(20,210)**	–	**(10,382)**	**865**	**(29,727)**
Contributions by and distributions to owners									
Subscription share issues	11	659	39,277	–	–	–	–	–	39,936
Issue costs	11	–	(742)	–	–	–	–	–	(742)
Share buybacks	11	(71)	–	71	–	(3,637)	–	–	(3,637)
DRIS share issues	11	24	1,276	–	–	–	–	–	1,300
Equity dividends paid	16	–	–	–	–	(15,717)	–	–	(15,717)
Total contributions by and distributions to owners		**612**	**39,811**	**71**	**–**	**(19,354)**	**–**	**–**	**21,140**
Other movements									
Capital reduction	11	–	(133,185)	–	–	133,185	–	–	–
Diminution in value		–	–	–	9,915	–	(9,915)	–	–
Total other movements									
At 30 September 2023		**3,278**	**286**	**272**	**13,640**	**177,762**	**(41,071)**	**(2,247)**	**151,920**

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2023 were £134.4 million following the capital reduction of £133.2m (2022: £40 million). The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 30 September 2023, £108.9 million of the special reserve is subject to this restriction.

Statement of cash flows

	Note	2024 £000	2023 £000
Total loss on ordinary activities before taxation		**(6,585)**	(29,727)
Realised losses on investments	7	**3,570**	8,245
Unrealised losses on investments	7	**1,771**	20,210
Decrease/(increase) in debtors		**428**	(1,067)
Increase/(decrease) in creditors		**21**	(94)
Amortisation for discount/premium on bonds		**(129)**	(24)
Unclaimed dividend forfeiture		**4**	–
Non-cash distributions	2	**(143)**	–
Net cash (outflow) from operating activities[1]		**(1,063)**	(2,457)
Purchase of investments	7	**(27,582)**	(57,699)
Sale of investments	7	**20,356**	16,336
Net cash (used in) investing activities		**(7,226)**	(41,363)
Share buybacks	11	**(4,472)**	(3,637)
Issue of share capital	11	**20,321**	39,936
Issue costs	11	**(347)**	(742)
Dividends paid	16	**(12,832)**	(14,417)
Net cash provided by financing activities		**2,670**	21,140
Net (decrease) in cash and cash equivalents		**(5,619)**	(22,680)
Opening cash and cash equivalents[2]		**19,231**	41,911
Closing cash and cash equivalents[3]		**13,612**	19,231

[1] The Company received cash dividends of £977,491 (2023: £1,178,059) and interest of £1,711,217 (2023: £599,735).

[2] The opening cash and cash equivalents includes £8,119,302 (2023: £16,786,442) of funds held with Custodian.

[3] The closing cash and cash equivalents includes £8,845,455 (2023: £8,119,302) of funds held with Custodian.

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

Hargreave Hale AIM VCT plc is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the company information on page 100 and the nature and principal business activities are set out in the Strategic Report.

Basis of preparation

The financial statements have been prepared in accordance with UK GAAP, including FRS 102 and with the Companies Act 2006 and the SORP.

Going Concern

The financial statements have been prepared on a going concern basis and on the basis that the company maintains its VCT status.

The Directors have assessed 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.

The Company has sufficient cash at bank, funds held with Custodian (£4.8 million and £8.8 million respectively at 30 September 2024) and liquid assets held across a diversified portfolio of investments in listed companies to meet obligations as they fall due. The Company is a closed-ended fund, where assets are not required to be liquidated to meet day-to-day redemptions. The major driver of cash outflows (dividends, buybacks and investments) are managed in accordance with the Company's key policies at the discretion of the Board or, in the case of the Company's investments, the Investment Manager.

The Board has reviewed forecasts and stress tests to assist them with their going concern assessment. These tests have included the modelling of a 15% reduction in NAV, whilst also considering ongoing compliance with the VCT investment test. It was concluded that in a plausible downside scenario the Company would continue to meet its liabilities.

The Directors have carefully considered the principal risk factors facing the Company, as described on pages 21 to 22 and their potential impact on income into the portfolio and the NAV. The Directors are of the opinion that the Company has sufficient cash and other liquid assets to continue to operate as a going concern, including under a stress scenario.

The Investment Manager has a team of four dedicated fund managers and analysts with multi-year experience working for the VCT and one dedicated legal counsel. The Investment Manager and the Company's other key service providers have contingency plans in place to manage operational disruptions. The Directors have not identified any material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Therefore, they are satisfied that the Company should continue to operate as a going concern and report its financial statements on that basis.

Key judgements and estimates

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical judgements and estimates mainly relate to the determination of the fair valuation of unquoted investments. The policies for these are set out in the notes to the financial statements. The IPEV Guidelines describe a range of valuation techniques, as described in the "financial instruments" section on pages 87 to 89.

The nature of estimation means that the actual outcomes could differ from those estimates. Estimates and underlying assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Key judgements when determining the fair value of unquoted investments include:

- selecting risk factors to include in the valuation model;
- peer group selection; and
- loan note conversion scenarios.

Key estimates involved in determining the fair value of unquoted investments include:

- forecast compliance within the appropriate financial metric;
- future working capital requirements;
- liquidity risk;
- determining the appropriate discount to apply to peer group selection; and
- the probabilities applied to the loan note conversion scenarios.

Further areas requiring judgement are the allocation of income and expenses, recognition and classification of unusual or special dividends as either capital or revenue in nature, the permanent impairment of investments and categorisation of public companies between level 1 and level 2 of the fair value hierarchy.

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

Financial instruments

All investments are classified as fair value through profit or loss. Investments are measured initially and subsequently at fair value which is deemed to be market bid prices for listed investments and investments traded on AIM. Unquoted investments are valued using the most appropriate methodology recommended by the IPEV Guidelines published in December 2022. Investments deemed to be associates due to the shareholding and level of influence exerted over the portfolio company are measured at fair value using a consistent methodology to the rest of the trust's portfolio as permitted by FRS 102 and Para. 32 of the SORP.

Where no active market exists for the particular asset, the Company holds the investment at fair value as determined by the Investment Manager and approved by the Board. Valuations of unquoted investments are reviewed on a quarterly basis and more frequently if events occur that could have a material impact on the investment.

In estimating fair value for an unquoted investment, the Investment Manager will apply one or more valuation techniques according to the nature, facts and circumstances of the investment. The Investment Manager will use reasonable current market data and inputs combined with market participant assumptions. The assessment of fair value will reflect the market conditions at the measurement date irrespective of which valuation technique is used. The IPEV Guidelines describe a range of valuation techniques, including but not limited to relevant observable market multiples, independent arms-length transactions, income, discounted cash flows and net assets. The fair value of convertible loan notes is estimated by aggregating the Net Present Value of the bond component and the derivative value of the option to convert into equity. The derivative value of the option to convert a particular loan note is the probable weighted average of the present value of each conversion scenario described in the loan note instrument as calculated using the Black Scholes option pricing model.

Investments are recognised and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Until 30 September 2023, transaction costs were included in the initial cost or deducted from the disposals proceeds of investments. However, from 1 October 2023 transaction costs in relation to the purchase or sale of investments have been recognised as a capital expense.

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board.

Gains and losses arising from changes in fair value (realised and unrealised) are included in the net profit or loss for the period as a capital item in the income statement and are taken to the unrealised capital reserve or realised capital reserve as appropriate.

If an investment has been impaired such that there is no realistic expectation that there will be a full return from the investment, the loss is treated as a diminution in value and transferred to the capital reserve realised. The Company conducts impairments reviews on a quarterly basis. In the case of equity investments, impairment reviews are triggered when unrealised losses exceed 50% of book cost, or if the loss when realised would lead to a material reduction in the Company's distributable reserves. Fixed income investments are reviewed for impairment if the issuing company's ability to repay is uncertain unless there are reasonable grounds to believe that the loan could be recovered through the sale of the company or its trading assets.

Other financial assets and liabilities comprise receivables, payables and cash and cash equivalents which are measured at amortised cost. There are no financial liabilities other than payables.

Cash at bank and in hand

For the purposes of the Balance Sheet, cash at bank and in hand is cash held in bank accounts subject to immediate access.

Funds held with Custodian

For the purposes of the Balance Sheet, funds held with Custodian is cash held at CGWL (see note 15). Cash held with CGWL is to meet short term liquidity requirements and is available on demand with no restrictions or penalties.

For the purposes of the Statement of Cash Flows, cash comprises cash at bank and in hand and funds held with Custodian as defined above.

Income

Equity dividends are analysed to consider if they are revenue or capital in nature on a case-by-case basis and are taken into account on the ex-dividend date, net of any associated tax credit. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. All other income is recognised on an accruals basis. Other income is treated as a repayment of capital or revenue depending on the facts of each particular case.

Expenditure

All expenditure is accounted for on an accruals basis.

Where a clear connection with the maintenance or enhancement of value of the investments can be demonstrated, expenses are allocated to capital. Accordingly, of investment management fees, 75% are allocated to the capital reserve realised and 25% to the revenue account in line with the Board's expected long-term split of investment returns in the form of capital gains to the capital column of the income statement. Due diligence costs incurred for prospective private company purchases and transaction costs in relation to the purchase and sale of investments are charged to capital. Prior to 1 October 2023, transaction costs were included within the cost and/or deducted from disposal proceeds of investment.

All other expenditure is charged to the revenue account.

Capital reserves

Realised profits and losses on the disposal of investments, due diligence costs, income that is capital in nature, losses realised on investments considered to be diminished in value and 75% of investment management fees are accounted for in the capital reserve realised.

Increases and decreases in the valuation of investments held at the year end are accounted for in the capital reserve unrealised.

Operating segments

There is considered to be one operating segment being investment in equity and debt securities.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not yet reversed at the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current tax is expected tax payable on the taxable profit for the period using the current tax rate and laws that have been enacted or substantially enacted at the reporting date. The tax effect of different items of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

Approved VCTs are exempt from tax on capital gains from the sale of fixed asset investments. The Directors intend that the Company will continue to conduct its affairs to maintain its VCT status, no deferred tax has been provided in respect of any capital gains or losses arising from the revaluation or disposal of investments.

Dividends

Only dividends recognised during the year are deducted from revenue, capital or special reserves. Equity dividends are recognised in the accounts when they become legally payable.

Interim dividends are approved by the Board of Directors and may be varied or rescinded at any time before payment, therefore the liability is only established when the dividend is actually paid. Final dividends are subject to approval at the AGM. Where a dividend is stated to be payable on a future date, the liability is established on that date.

Functional currency

The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The Board has determined that sterling is the Company's functional currency. Sterling is also the currency in which these accounts are presented.

Capital structure

Share Capital

Ordinary shares are classed as equity. The ordinary shares in issue have a nominal value of one penny and carry one vote each. Substantial holdings in the

Company are disclosed in the Directors' Report on page 41.

Share Premium

This reserve represents the difference between the issue price of shares and the nominal value of shares at the date of issue, net of related issue costs.

Capital Redemption Reserve

This reserve is used for the cancellation of shares bought back under the buyback facility.

Special Reserve

Distributable reserve used to pay dividends and re-purchase shares under the buyback facility.

Capital Reserve Realised

Gains/losses on disposal of investments, due diligence and transaction costs, income that is capital in nature, diminishment of financial assets and 75% of the investment management fee are accounted for in the capital reserve realised.

Capital Reserve Unrealised

Unrealised gains and losses on investments held at the year end arising from movements in fair value are taken to the capital reserve unrealised.

Revenue Reserve

Net revenue profits and losses of the Company.

2. Income

	2024 £000	2023 £000
Income from investments:		
Revenue:		
Dividend income	973	1,247
Interest from bonds	1,031	579
Interest from loan notes	171[(1)]	288
Bank interest	531	502
Accumulation fund income	143[(2)]	–
Total revenue income	2,849	2,616

(1) The amount of loan stock interest recognised in the period is lower than prior year, largely because of the Kidly loan interest being fully impaired in the period.

(2) Accumulation income from the IFSL Marlborough Special Situations and Marlborough UK Micro-Cap Growth funds (2023: nil).

No capital income was recognised in the year (2023: nil).

3. Management fees

	2024 Revenue £000	2024 Capital £000	2024 Total £000	2023 Revenue £000	2023 Capital £000	2023 Total £000
Management fees	641	1,924	2,565	699	2,098	2,797

The IMA terminates on 12 months' notice, subject to earlier termination in certain circumstances. In the event of termination by the Company on less than the agreed notice period, compensation may be payable to the Investment Manager in lieu of the unexpired notice period. No notice had been given by the Investment Manager or by the Board to terminate the agreement as at the date of approval of these accounts.

The Investment Manager receives an investment management fee of 1.7% per annum of the NAV of the Company, calculated and payable quarterly in arrears. At 30 September 2024, £615,231 (2023: £645,397) was owed in respect of management fees. The Company receives a reduction to the annual management fee for investments in other funds managed by the Investment Manager, being any investment in the IFSL Marlborough Special Situations Fund and/or the IFSL Marlborough UK Micro-Cap Growth Fund so the Company is not charged twice for these services. This amounted to £75,184 for the year to 30 September 2024 (2023: £49,931). The Investment Manager has agreed to indemnify the Company against annual running costs exceeding 3.5% of its net assets. No fees were waived between 1 October 2023 and 30 September 2024 and no fees were waived between 1 October 2022 and 30 September 2023 under the indemnity.

4. Other expenses

	2024 £000	2023 £000
Other revenue expenses:		
Administration fee	250	195
Directors' fees	216	205
Legal & professional	27	39
London Stock Exchange fees	83	84
Registrar's fee	46	47
Website and marketing	36	60
Printing, postage and stationary	42	40
Auditors' remuneration – for audit services	63	55
VCT monitoring fees	14	15
Company secretarial fees	73	57
Custody fee	30	30
Directors' and officers' liability insurance	27	36
Broker's fee	5	5
VAT	128	115
Other expenses[1]	76	104
Provision against income receivable	368[2]	(35)
Total other revenue expenses	1,485	1,052
Other capital expenses:		
Due diligence costs	9	32
VAT on due diligence costs	1	7
Transaction costs on investment transactions charged to capital[3]	33	–
Total other capital expenses	43	39
Total other expenses	1,528	1,091

(1) Other expenses include FCA fees, AIC membership fees, VCT Association fees, recruitment costs, professional subscriptions, license costs, Shareholder event costs and other nominal expenses.

(2) Kidly loan stock interest impairment of £362,795 and XP Power plc cancelled dividend of £5,700.

(3) During the year the Company incurred transaction costs of £23,907 (2023: £97,493) and £9,439 (2023: £15,710) on purchases and sales respectively. These amounts are included in capital expenses; (2023: included in the losses on investments as disclosed in the income statement.

The Directors' remuneration above includes national insurance contributions. Directors' remuneration excluding employer's national insurance contributions is detailed in the directors' remuneration report on page 45.

The maximum aggregate directors' emoluments authorised by the Articles are detailed in the Directors' Remuneration Report on page 45.

5. Tax on ordinary activities

The tax charge for the year is based on the standard rate of UK Corporation Tax of 25% (2023: 22%[1]).

	2024 Total £000	2023 Total £000
Loss on ordinary activities before taxation	(6,585)	(29,727)
UK Corporation Tax: 25% (2023: 22%)	(1,646)	(6,540)
Effect of non taxable losses on investments	1,335	6,260
Effect of non taxable UK dividend income	(242)	(274)
Effect of disallowed costs	8	–
Deferred tax not recognised	545	554
Current tax charge	–	–

(1) Average rate of corporation tax applicable for the period.

At the 30 September 2024 the Company had tax losses carried forward of £26,556,949 (2023: £24,379,001). It is unlikely that the Company will generate enough taxable income in the future to use these expenses to reduce future tax charges and therefore no deferred tax asset has been recognised.

There is no taxation charge in relation to capital gains or losses. No asset or liability has been recognised in relation to capital gains or losses on revaluing investments. The Company is exempt from such tax as a result of its intention to maintain its status as a Venture Capital Trust.

6. Basic and diluted earnings/(loss) per share

	2024 Revenue £000	2024 Capital £000	2024 Total £000	2023 Revenue £000	2023 Capital £000	2023 Total £000
Return (£)	723	(7,308)	(6,585)	865	(30,592)	(29,727)
Earnings/(loss) per ordinary share	0.20p	(2.06)p	(1.86)p	0.27p	(9.59)p	(9.32)p

The earnings per share is based on 353,964,930 ordinary shares (2023: 318,946,009), being the weighted average number of shares in issue during the year.

7. Investments

	Quoted investments(1) 2024 £000	Unquoted investments 2024 £000	Total investments 2024 £000	Quoted investments(1) 2023 £00	Unquoted investments 2023 £000	Total investments 2023 £000
Opening Valuation	122,567	9,553	132,120	108,630	10,558	119,188
Purchases at cost	23,082	4,500	27,582	56,199	1,500	57,699
Non-cash distribution	143	–	143	–	–	–
Sale proceeds	(19,554)	(802)	(20,356)	(16,336)	–	(16,336)
Realised gains/(losses)	(471)	(3,099)	(3,570)(2)	(8,245)	–	(8,245)
Unrealised losses	(2,106)	335	(1,771)(2)	(17,705)	(2,505)	(20,210)
Amortisation for discount/ premium on bonds	129	–	129	24	–	24
Re-Classification Adjustment	(3,294)	3,294	–	–	–	–
Closing valuation	120,496	13,781	134,277	122,567	9,553	132,120
Cost at 30 September	129,295	26,474	155,769	132,600	19,241	151,841
Unrealised gains/(losses)	16,845	(799)	16,046	14,981	(1,341)	13,640
Diminution in value (3)	(25,644)	(11,894)	(37,538)	(25,014)	(8,347)	(33,361)
Closing valuation	120,496	13,781	134,277	122,567	9,553	132,120

(1) Includes the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Fund with valuations of £9.4m (2023: £8.3m) and £10.4m (2023: nil) respectively as at 30 September 2024. Whilst unlisted, the two investments are UCITS funds with daily dealing and daily published pricing.

(2) The net loss on investments held at fair value through profit or loss in the income statement of £5,341k (2023: loss £28,455k) is the sum of the realised and unrealised losses for the year as detailed in the table above.

(3) Diminishments of £11,899,074 (2023: £14,762,893) were made in the year. Once adjusted for disposals/dissolutions (£7,373,105) (2023: £4,617,026) and diminishment reversals (£349,248) (2023: £230,000) the net movement for the year is £4,176,721 (2023: £9,915,867). Diminishments carried forward are £37,538,163 (2023: £33,361,442).

Transaction Costs

During the year the Company incurred transaction costs of £23,907 (2023: £97,493) and £9,439 (2023: £15,710) on purchases and sales respectively. These amounts are included in capital expenses; (2023: included in the losses on investments as disclosed in the income statement).

Fair Value Measurement Hierarchy

The table below sets out fair value measurements using FRS 102 (appendix to section 2 fair value measurement) fair value hierarchy. The Company has one class of assets, being at fair value through profit or loss.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

	2024 Level 1 £'000	2024 Level 2 £'000	2024 Level 3 £'000	2024 Total £'000	2023 Level 1 £'000	2023 Level 2 £'000	2023 Level 3 £'000	2023 Total £'000
Investments	91,496	29,000	13,781	134,277	82,565	40,002	9,553	132,120

Transfers between level 3 and level 1 occur when a previously unquoted investment undertakes an initial public offering, resulting in its equity becoming quoted on an active market. There have been no instances in the current period (2023: none). Transfers between level 1 and/or 2 and 3 would occur when a quoted investment's market becomes inactive, or the portfolio company elects to delist. There has been one transfer from level 1 to level 3 in the current year for £1.1m in relation to C4X Discovery Holdings Ltd (2023: none) and one transfer from level 2 to level 3 for £0.8m in relation to BiVictriX Therapeutics Ltd (2023: none). Transfer values at 30 September 2024.

There were transfers of £53.6k between level 1 and level 2 in the current period where the investments market is not sufficiently active (2023: £20.2m). There were transfers between level 2 and level 1 of £3.8m (2023: none). Transfer values at 30 September 2024.

Level 3 financial assets

	2024 Equity shares £'000	2024 Preference shares £'000(1)	2024 Loan notes £'000	2024 Total £'000	2023 Equity shares £'000	2023 Preference shares £'000(1)	2023 Loan notes £'000	2023 Total £'000
Opening balance	2,984	3,069	3,500	9,553	4,740	3,861	1,957	10,558
Transfer from Level1 and 2	3,294(2)	–	–	3,294	–	–	–	–
Purchases at cost	–	2,500	2,000	4,500	–	–	1,500	1,500
Sale proceeds	(2)	–	(800)	(802)	–	–	–	–
Realised (losses)(3)	(2,199)	(600)	(300)	(3,099)	–	–	–	–
Unrealised (losses)/gains	319	638	(622)	335	(1,756)	(792)	43	(2,505)
Closing valuation	4,396	5,607	3,778	13,781	2,984	3,069	3,500	9,553

(1) The preference shares held are in the nature of equity.

(2) BiVictriX Therapeutics Ltd and C4X Discovery Holdings Ltd delisted on 11 September 2024 and 26 April 2024 respectively. Bidstack Group plc was placed into administration and delisted on 23 April 2024. The transfer value of the delisted investments included in the table is the brought forward value as at 30 September 2023.

(3) Honest Brew Limited was dissolved on 19 September 2024.

The following table sets out the basis of valuation for the material Level 3 investments and those where the value has materially changed during the year, held within the portfolio at 30 September 2024.

In assessing fair value, the Investment Manager considered a range of valuation methodologies including EV/Sales, and EV/EBITDA multiples for the current and next financial year. Where appropriate, the Investment Manager also assessed value using discounted cash flow analysis. Where observable market multiples were available, these were used as part of peer group analysis. Market based multiples were taken as reference points with discounts applied (where appropriate) to reflect liquidity and forecast risk.

The manager also undertook sensitivity analysis to consider the impact of a 30% movement in the peer group multiples, both higher and lower. The use of alternative investment structures such as convertible loan stock by the Company or other investors can lead to asymmetric movements in value in response to different upside and downside scenarios. For further information on sensitivities, please see note 15.

Level 3 Unquoted Investments	
Infinity Reliance Ltd (My 1st Years)	Trading continues to be positive with the company reporting revenue growth despite the weaker consumer environment. EBITDA growth in 2024 will be limited by investments designed to increase the addressable market in the medium term. The fair value of the investment increased as the valuation rolled forward into the financial year ending December 2024. The valuation was reviewed against EV/Sales multiples across a peer group of listed companies which was broadly static.
BiVictriX Therapeutics Ltd	On 12 August 2024, BiVictriX announced the proposed cancellation of admission of its ordinary shares to trading on AIM and re-registration as a private limited company after the directors concluded that the company's market capitalisation did not fully reflect the positive achievements nor the underlying prospects of the business and was a potential barrier to future growth and funding, as well as potential partnership and licensing opportunities. The directors believe that, as a private company, BiVictriX would be able to access a greater pool of investors who are more likely to support clinical development. The company has engaged a US healthcare investment bank with significant experience in the antibody drug-conjugate ("ADC") space to assist the company in securing additional capital. The cancellation took effect from 11 September 2024. Given the short period since the delisting the investment is held at the closing bid price on the last day of trading on AIM.
Bidstack Group plc	Following a protracted period of underperformance, failed fundraising efforts, and a strategic review which also failed to solicit a buyer for the company's assets, Bidstack entered administration on 22 March 2024. Following this, shares in the company were cancelled from trading on AIM on 23 April 2024.

Level 3 Unquoted Investments	
C4X Discovery Holdings Ltd	On 27 March 2024, C4X Discovery announced the proposed cancellation of admission of its ordinary shares to trading on AIM and re-registration as a private limited company. Having reviewed the company's opportunities for value creation and optimal capital structure, the directors determined that, as a private company, C4X would have access to a larger quantum of funding than has historically been available through its AIM listing and that would allow it to pursue a greater number of opportunities to key value inflexion points. The cancellation took effect from 26 April 2024. The valuation of the investment is taken from the closing bid price on the last day of trading on AIM; however, it was also tested against a composite valuation that included the closing bid price prior to delisting and a risked net present value analysis of the company's balance sheet cash and partnered drug development assets.
Kidly Ltd	A difficult trading environment through Christmas 2023 and early 2024 was compounded by balance sheet constraints. Although revenue performance was below budget, operational efficiencies resulted in significantly lower losses. Trading has improved as the year progressed. Reflecting the need for additional funding, the fair value of the equity was reduced to nil and the value of the debt heavily impaired. Subsequently, Kidly secured new funding as part of a financial restructuring that included a partial conversion of the loan note instrument into new preferred shares. The reduction in risk allowed a partial recovery in the fair value of the convertible loan note instrument. The value of the conversion options and equity remain nil. The outstanding principal of the convertible loan note instrument is valued according to an assessment of recovery. There is no value attributed to the conversion option, which is valued using the Black Scholes option pricing model.
Qureight Ltd	The investment into Qureight Ltd completed on 19 March 2024. The valuation was set with reference to FY25 EV/Sales multiples and assessed against listed peers.
SCA Investments Ltd (Gousto)	The company closed 2023 strongly with EBITDA ahead of budget. EBITDA and cash flow generation improved significantly over the course of the year. Margin growth is expected to support further increases in EBITDA and cash flow in 2024. The fair value of the investment was reduced slightly within the period we moved away from EV/Sales to EV/EBITDA as the primary valuation metric and several members of the peer group reported difficult trading, leading to a reduction in peer group multiples.
Zappar Ltd	Trading conditions remained challenging over the period as the arrival of new headset technologies sparked increased interest in immersive experiences at the expense of augmented reality. Weakness in the US digital marketing sector provided an additional headwind and revenues and profits were below budget. The valuation of the investment was reviewed against listed peers using EV/Sales multiple, and was reduced to reflect the weaker outlook. The investment was valued on a composite basis that took into account both the assessment of value on an ongoing basis as an independent company (based upon peer group EV/Sales multiples) and the potential sale of the company to Infinite Reality. Despite the potential acquisition of the company the fair value assessment was reduced slightly to reflect the more difficult trading environment.
Rosslyn Data Technologies plc – convertible loan note	Rosslyn Data Technologies experienced challenging trading conditions in FY24 predominantly due to extended sales cycles for sizable new clients. However, on 21 August 2024 the company announced a material contract win with a leading global technology company. Post period end, Rosslyn Data Technologies secured additional equity and convertible loan note funding. As part of this fundraise, the Company committed to converting the current 2023 convertible loan note into equity and investing into a new 2024 convertible loan note. There was a non-material change to the fair value of the convertible loan notes with the value of the conversion option calculated using the Black-Scholes option pricing model.
Strip Tinning plc – convertible loan note	On 17 January 2024, Strip Tinning completed a £5.1m fundraising through the issue of new shares and convertible loan notes to fund its EV growth strategy. As part of the funding round, the Company invested £2.0m through the new convertible loan notes. Whilst there have been short-term trading challenges in the automotive sector, the company has announced two record contract wins to supply Smart Glass Connectors for new EV platforms and a £43m strategic nomination for the supply of a cell contacting system for the battery pack of an autonomous vehicle being developed by one of the world's largest corporations, based in the USA. The fair value of the convertible loan notes have increased modestly since the investment with the value of the conversion option calculated using the Black-Scholes option pricing model.

8. Significant interests

At the year end the Company held 3% or more of the issued share capital of the following investments:

Investment	Holding %	Investment	Holding %
Rosslyn Data Technologies plc	20.27%	Tortilla Mexican Grill plc	6.47%
Engage XR Holdings plc	16.45%	Crimson Tide plc	6.39%
Abingdon Health plc	14.76%	Oberon Investments plc	6.08%
PCI-PAL plc	10.58%	Eden Research plc	5.44%
Equipmake Holdings plc	9.13%	Skillcast Group plc	4.74%
Itaconix plc	8.80%	Intelligent Ultrasound Group plc	4.21%
Fadel Partners Inc	7.89%	Zoo Digital Group plc	3.37%
XP Factory plc	7.39%	Strip Tinning Holdings plc	3.13%
One Media iP Group plc	7.33%	Blackbird plc	3.07%

9. Debtors

	2024 £000	2023 £000
Prepayments	29	40
Accrued income	949	1,430
Other debtors	69	5
	1,047	1,475

10. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Trade Creditors	12	21
Accruals	915	885
	927	906

11. Called up share capital

	2024 £000	2023 £000
Allotted, called-up and fully paid: 364,977,848 (2023: 327,813,939) ordinary shares of 1p each.	3,650	3,278

During the year 10,657,350 (2023: 7,183,338) ordinary shares were purchased through the buyback facility at a cost of £4,472,418 (2023: £3,636,841). The repurchased shares represent 3.25% (2023: 2.7%) of ordinary shares in issue on 1 October 2023. The acquired shares have been cancelled.

During the year, the Company issued 44,485,284 ordinary shares of 1 penny (nominal value £444,853) in an offer for subscription, representing 13.57% of the opening share capital at prices ranging from 44.80p to 47.10p per share. Gross funds of £20,321,529 were received. The 3.5% premium of £711,254 payable to CGWL under the terms of the offer was reduced by £264,162, being the discount awarded to investors in the form of additional shares. A further reduction of £470 introductory commission was made resulting in fees payable to CGWL of £446,622 which were used to pay other costs associated with the prospectus and marketing. In accordance with the offer agreement, the Company was entitled to a rebate of £100,000 from CGWL reducing the net fees payable to CGWL to £346,622.

On 15 February 2024, 1,100,783 ordinary shares were allotted at a price of 44.58 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 26 January 2024, to Shareholders who elected to receive shares under the DRIS as an alternative to the final dividend for the year ended 30 September 2023.

On 26 July 2024, 2,235,192 ordinary shares were allotted at a price of 42.49 pence per share, which was calculated in accordance with the terms and conditions of the DRIS, on the basis of the last reported NAV per share as at 5 July 2024, to Shareholders who elected to receive shares under the DRIS as an alternative to the interim dividend for the year ended 30 September 2024.

Further details of the Company's capital structure can be seen in note 1.

Income entitlement

The revenue earnings of the Company are available for distribution to holders of ordinary shares by way of interim, final and special dividends (if any) as may from time to time be declared by the Directors.

Capital entitlement

The capital reserve realised and special reserve of the Company are available for distribution to holders of ordinary shares by way of interim, final and special dividends (if any) as may from time to time be declared by the Directors.

Voting entitlement

Each ordinary Shareholder is entitled to one vote on a show of hands and on a poll to one vote for each ordinary share held. Notices of meetings and proxy forms set out the deadlines for valid exercise of voting rights and other than with regard to Directors not being permitted to vote on matters upon which they have an interest, there are no restrictions on the voting rights of ordinary Shareholders.

Transfers

There are no restrictions on transfers except dealings by Directors, persons discharging managerial responsibilities and their persons closely associated which may constitute insider dealing or is prohibited by the rules of the FCA.

The Company is not aware of any agreements with or between Shareholders which restrict the transfer of ordinary shares, or which would take effect or alter or terminate in the event of a change of control of the Company.

12. Net asset value per ordinary share

	30 September 2024	30 September 2023
Net assets (£'000)	148,009	151,920
Shares in issue	364,977,848	327,813,939
NAV per share (p)	40.55	46.34

There are no potentially dilutive capital instruments in issue and as such, the basic and diluted NAV per share are identical.

13. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year end (2023: nil).

14. Related party transactions and conflicts of interest

The remuneration of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 41 and in note 4 on page 80.

Transactions with the Investment Manager

As the Company's Investment Manager, CGAM is a related party to the Company for the purposes of the UK Listing Rules. As CGAM and CGWL are part of the same CGWL group, CGWL also falls into the definition of related party.

Oliver Bedford, a non-executive director of the Company is also an employee of the Investment Manager which received fees of £29,500 for the year ended 30 September 2024 in respect of his position on the Board (2023: £28,000). Of these fees £7,375 was still owed at the year end. Oliver Bedford's non-executive directorship fees will increase to £30,500 per annum, with effect from 1 October 2024.

CGWL acted as Administrator and Custodian for the year ended 30 September 2024. On 7 September 2023, the Company entered into an amended administration agreement with CGWL. Under the terms of the agreement the fees to be paid to CGWL were increased to £250,000 per annum (previously £195,000) with effect from 1 October 2023.

With effect from 1 October 2024, the administration agreement between the Company and CGWL was novated to CGAM. Under the terms of the novation agreement, the administration fees paid by the Company were unchanged at £250,000 (plus VAT). Notwithstanding the novation, CGWL will continue to receive a fee of £30,000 per annum in relation to its appointment as the Custodian. Any future initial or trail commissions paid to Financial

Intermediaries will be paid by CGAM.

For the year ended 30 September 2024, CGWL received fees for the support functions as follows:

	30 September 2024	30 September 2023
Custody	30,000	30,000
Administration	250,000	195,000
Total	280,000	225,000
Still owed at the year end	69,585	55,765

Under an offer agreement dated 7 September 2023, CGWL was appointed by the Company to administer an offer for subscription in the 2023/24 tax year and acted as receiving agent in relation to the offer. Under the terms of the agreement CGWL received a fee of 3.5 per cent. of the gross proceeds of the offer for providing these services. The Administrator agreed to discharge commissions payable to financial advisers in respect of accepted applications for offer shares submitted by them, including any trail commission.

The Administrator also agreed to discharge and/or reimburse all costs and expenses of and incidental to the offer and the preparation of the prospectus, including without limitation to the generality of the foregoing, FCA vetting fees in relation to the prospectus, sponsor and legal fees, expenses of the Company and CGWL, the Company's tax adviser's fees and expenses, registrar's fees, costs of printing, postage, advertising, publishing and circulating the prospectus and marketing the offer, including any introductory commission and discounts to potential investors. However, the Administrator was not responsible for the payment of listing fees associated with the admission of the ordinary shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

During the year, the Company issued 44,485,284 ordinary shares of 1 penny (nominal value £444,853) in an offer for subscription, representing 13.57% of the opening share capital at prices ranging from 44.80p to 47.10p per share. Gross funds of £20,321,529 were received. The 3.5% premium of £711,254 payable to CGWL under the terms of the offer was reduced by £264,162, being the discount awarded to investors in the form of additional shares. A further reduction of £470 introductory commission was made resulting in fees payable to CGWL of £446,622 which were then used to pay other costs associated with the prospectus and marketing. In accordance with the offer agreement, the Company was entitled to a rebate of £100,000 from CGWL reducing the net fees payable to CGWL to £346,622.

CGAM is appointed as Investment Manager to the Company and receives an investment management fee of 1.7% per annum.

Investment management fees for the year are £2,565,844 (2023: £2,797,377) as detailed in note 3. Of these fees £615,231 (2023: £645,397) were still owed at the year end. As the Investment Manager to the Company and the investment adviser to the IFSL Marlborough Special Situations Fund and the IFSL Marlborough UK Micro-Cap Fund (in which the Company may and does invest), the Investment Manager makes an adjustment as necessary to its investment management fee to ensure the Company is not charged twice for their services.

Upon completion of an investment, the Investment Manager is permitted under the IMA to charge private investee companies a fee equal to 1.5 per cent. of the investment amount. This fee is subject to a cap of £40,000 per investment and is payable directly from the investee company to the Investment Manager. The Investment Manager may also recover external due diligence and transaction services costs directly from private investee companies. Fees of £37,502 (2023: nil) were charged to investee companies in the year under this agreement.

Total commission of £31,925 was paid to CGWL in the year for broker services (2023: £63,318).

The Investment Manager has agreed to indemnify the Company and keep indemnified the Company in respect of the amount by which the annual running costs of the Company exceed 3.5 per cent. of the net assets of the Company, such costs shall exclude any VAT payable thereon and any payments to financial intermediaries, the payment of which is the responsibility of the Company. No fees were waived by the Investment Manager in the financial year under the indemnity.

The Company also held £8,845,455 in the client account held at CGWL at 30 September 2024 (2023: £8,119,302).

15. Financial instruments

Risk management policies and procedures

The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to Shareholders whilst maintaining its status as a Venture Capital Trust.

The Company intends to achieve its investment objectives by making Qualifying Investments in companies listed on AIM, private companies and companies listed on the AQSE Growth Market, as well as Non-Qualifying Investments as allowed by the VCT Rules.

At least 80% of the Company's funds have been invested in qualifying holdings during the year under the HMRC investment test definition. The balance of the Company's funds were invested in liquid assets (such as non-qualifying equities, fixed income securities and bank deposits). The Company is managed as a VCT in order that Shareholders may benefit from the tax relief available.

This strategy exposes the Company to certain risks, which are summarised below.

The structure in place to manage these risks is set out in the Corporate Governance Report on pages 50 to 55 of the Annual Report.

A detailed review of the investment portfolio is contained in the Chair's Statement and Investment Manager's Report on pages 4 to 9 and 28 to 31 respectively.

Classification of financial instruments

The investments at year end comprise two types of financial instruments. The basis of valuation is set out below:

- Equities – fair value through the profit and loss account.
- Fixed income securities – fair value through the profit and loss account

Other financial assets comprise cash at bank and in hand of £4,766,381 (2023: £11,111,865), funds held with Custodian of £8,845,455 (2023: £8,119,302), accrued income and debtors of £1,017,944 (2023: £1,434,688), which is classified as 'loans and receivables measured at amortised cost'. Financial liabilities consist of trade creditors and accruals of £926,784 (2023: £905,897) which are classified as 'financial liabilities measured at amortised cost'.

Market risk

Market price risk arises from any fluctuations in the value of investments held by the Company. Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. In particular, other than bank deposits, no individual investment shall exceed 10 per cent. of the Company's net assets at the time of investment. However, many of the investments are in small companies traded on the AIM market which by virtue of their size carry more risk than investments in larger companies listed on the main market of the London Stock Exchange.

Market risk is monitored by the Board on a quarterly basis and on an ongoing basis, through the Investment Manager.

The following table summarises exposure to price risk by asset class at year end date:

	Change in Fair Value of Investments			
Asset class	30% market increase 2024 £'000	30% market decrease 2024 £'000	Aggregate value 2024 £'000	Aggregate value 2023 £'000
AIM Qualifying Investments(1)	13,234	-12,993	71,541	80,673
Unquoted Qualifying Investments(2)	1,450	-2,389	11,265	8,453
Quoted Non-Qualifying Investments	3,613	-3,613	11,959	17,366
Authorised unit trusts	2,125	-2,125	19,768	8,268
Quoted Non-Qualifying fixed income securities	338	-338	19,087	17,360
Vaneck Gold Miners UCITS ETF	229	-229	656	–
	20,989	-21,687	134,277	132,120

(1) Includes variances in the value of CLN issued by Rosslyn Data Technologies plc and Strip Tinning plc.

(2) Including variances in the value of CLNs issued by Kidly Ltd.

If market prices had been 30% higher or lower while all other variables remained unchanged the return attributable to ordinary Shareholders for the year ended 30 September 2024 would have increased by £20,988,954 (2023: £22,164,436) or decreased by £21,686,392 (2023: £22,671,676) respectively.

The assessment of market risk is based on the Company's equity and fixed income portfolio including private company investments, as held at the year end. The assessment uses the AIM All-Share Index and the FTSE 250 Index as proxies for the AIM Qualifying Investments and quoted Non-Qualifying Investments and illustrates, based on historical price movements and their relationship to movements in the FTSE 100 index, their potential change in value in relation to change in value of the reference index.

The review has also examined the potential impact of a 30% move in the market on the convertible loan note investments held by the Company, whose values will vary according to the price of the underlying security into which the loan note instrument has the option to convert.

Currency risk

The Company is not directly exposed to currency risk and does not invest in currencies other than sterling. There are indirect exposures through movements in the foreign exchange market as a consequence of investments held in companies who report in foreign currencies, the impact of such exposure would be insignificant.

Interest rate risk

The Company is fully funded through equity and has no debt; therefore, interest rate risk is not considered a material risk.

The Company's financial assets and liabilities are denominated in sterling as follows:

	30 September 2024			
	Fixed Rate £000	Variable Rate £000	Non-Interest Bearing £000	Total £000
Investments	22,866	–	111,411	134,277
Cash at bank and in hand	–	4,766	–	4,766
Funds held with Custodian	–	8,846	–	8,846
Other current assets (net)	823	–	224[1]	1,047
Other current liabilities (net)	–	–	(927)	(927)
Net assets	23,689	13,612	110,708	148,009

	30 September 2023			
	Fixed Rate £000	Variable Rate £000	Non-Interest Bearing £000	Total £000
Investments	20,860	–	111,260	132,120
Cash at bank and in hand	–	11,112	–	11,112
Funds held with Custodian	–	8,119	–	8,119
Other current assets (net)	1,293	–	182[2]	1,475
Other current liabilities (net)	–	–	(906)	(906)
Net assets	22,153	19,231	110,536	151,920

(1) Includes prepayments of £29k which is not considered a financial asset.

(2) Includes prepayments of £40k which is not considered a financial asset.

Interest rate risk exposure relates to cash and cash equivalents (bank deposits) where interest income is primarily linked to bank base rates. Interest rate risk exposure on debt instruments is reflected in the market risk and since these securities are valued at fair value, no additional disclosure is made in this respect. Movements in interest rates on cash and cash equivalents are not considered a material risk.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet obligations as they fall due. The Company has no debt and maintains sufficient investments in cash or cash equivalents, or readily realisable securities to pay trade creditors and accrued expenses (£926,784 as at 30 September 2024). Liquidity risk is not considered material. As at 30 September 2024 the Company held £13,611,835 in cash or cash equivalents.

Credit risk

Credit risk relates to the risk of default by a counterparty. The Company may have credit risk through investments made in unsecured loan stock issued by Qualifying Companies or through Non-Qualifying Investments in fixed income securities and exchange traded funds. No assets are past the due date for payment.

An investment will be impaired if the investee company is loss making and does not have sufficient funds available to transition into profit and in the opinion of the Investment Manager may fail to secure sufficient equity or debt funding to transition into profit, or if the borrower defaults or is expected to default on payment of accrued interest or repayment of the principal sum.

The maximum credit risk exposure equates to the carrying value of assets at the balance sheet date:

	2024 £000	2023 £000
Fixed income securities;		
Qualifying Investments (convertible loan notes)	3,778	3,500
Non-qualifying investments (investment grade corporate bonds)	19,088	17,361
Non-qualifying investments (UK gilt exchange traded fund)	–	1,978
Total fixed income securities	22,866	22,839[1]
Cash at bank and in hand	4,766	11,112
Funds held at Custodian	8,846	8,119
Other assets	1,047	1,475
	37,525	43,545

(1) Includes UK gilt exchange traded fund as underlying investments are fixed income securities.

Cash held with Custodian comprises bank deposits held through CGWL (trading as CGWM) of £8.8 million (2023: £8.1 million). Funds are held with banks that are authorised and regulated to carry on banking or deposit-taking business. All these meet the requirements of the UK's FCA CASS rules. Through its treasury function, CGWM uses a tiered level approach to counterparty selection to reflect different maturities of cash held on deposit.

Funds held on deposit through CGWL, are pooled with cash deposits from other clients of CGWL and diversified across a specified panel of banks. CGWM's treasury function reviews panel members ahead of selection and prioritises the safety of client assets with the panel selection process placing an emphasis on quality and security. Participating banks must be rated as investment grade by at least two international credit rating agencies. CGWM will also consider the expertise and market reputation of the bank; review a bank's financial statements and consider its capital and deposit base; consider the geographical location of the parent; monitor a bank's credit default swaps; and ask the bank to complete a due diligence questionnaire. The CGWM treasury function maintains regular contact with panel banks, typically meeting them every 6 months or so. There are no withdrawal restrictions on the Company's cash held with CGWL.

Fair value of financial assets and financial liabilities

Equity investments are held at fair value. No investments are held for trading purposes only.

Capital management policies and procedures

The current policy is to fund investments through equity. No future change to this policy is envisaged. As a public limited company, the Company is required to hold a minimum £50,000 share capital.

The Company's capital is summarised in notes 1 and 11 to these accounts. The Company has no debt and is fully funded by equity.

16. Dividends

	2024 Ord £000	2023 Ord £000
Paid per share: Special capital dividend of 2.00 pence for the year ended 30 September 2023	–	6,216
Paid per share: Final capital dividend of 2.00 pence for year ended 30 September 2022	–	6,216
Paid per share: Interim capital dividend of 1.00 penny for year ended 30 September 2023	–	3,298
Paid per share: Final capital dividend of 1.50 pence for the year ended 30 September 2023	5,149	–
Paid per share: Interim capital dividend of 1 penny for year ended 30 September 2024	3,649	–
Paid per share: Special capital dividend of 1.50 pence for year ended 30 September 2024	5,474	–
Dividends unclaimed	(4)[2]	(13)[2]
	14,268[1]	15,717[3]
Proposed per share: Final capital dividend of 1.25 pence for the year ended 30 September 2024	4,591	–
Proposed per share: Special capital dividend of 1.50 pence for the year ended 30 September 2025	5,510	–
Paid per share: Final capital dividend of 1.50 pence for the year ended 30 September 2023	–	5,151

(1) The difference between total dividends paid for the period ending 30 September 2024 and the cash flow statement is £1,436,000 which reflects the amount of dividends reinvested under the DRIS of £1,440,000 less the £4,000 due to the Company for unclaimed dividends for a period over 12 years.

(2) Unclaimed dividends for a period of 12 years due/reverted to the Company.

(3) The difference between total dividends paid for the period ending 30 September 2023 and the cash flow statement is £1,300,000 which reflects the amount of dividends reinvested under the DRIS.

17. Post balance sheet events

Share buybacks

As at 17 December 2024, 3,559,262 ordinary shares have been purchased at an average price of 38.24 pence per share and a total cost of £1,361,156.

Offer for subscription and shares issued

Under an offer agreement dated 9 October 2024, CGAM was appointed by the Company to administer a new offer for subscription for the 2024/25 tax year and act as receiving agent in relation to the offer. Under the terms of the agreement CGAM will receive a fee of 3.5 per cent. of the gross proceeds of the offer for providing these services. The Administrator has agreed to discharge commissions payable to financial advisers in respect of accepted applications for Offer Shares submitted by them, including any trail commission.

The Administrator has also agreed to discharge and/or reimburse all costs and expenses of and incidental to the offer and the preparation of the prospectus, including without limitation to the generality of the foregoing, FCA vetting fees in relation to the prospectus, sponsor and legal fees, expenses of the Company and CGAM, the Company's tax adviser's fees and expenses, registrar's fees, costs of printing, postage, advertising, publishing and circulating the prospectus and marketing the offer, including any introductory commission and discounts to potential investors. However, the Administrator will not be responsible for the payment of listing fees associated with the admission of the Offer Shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

If following the final admission under the offer, the aggregate fee that has been paid to CGAM exceeds the costs and expenses referred to above by more than £25,000, then CGAM will rebate any surplus to the Company subject to a maximum rebate of £100,000.

As at 17 December 2024, 5,907,854 Offer Shares have been issued through the offer for subscription raising gross proceeds of £2,411,037.

New investments

The Company has made the following investments since the period end:

	Amount invested £000	Investment into existing company
Qualifying Investments		
Feedback plc	750	No
Ixico plc	710	No
Rosslyn Data Technologies plc 10% unsecured loan notes 2029	400	Yes
Non-Qualifying Investments		

Disposals

The Company has made the following full disposals since the period end:

	Proceeds £000
Qualifying Investments	
Gfinity plc	5
Surface Transforms plc	24
Non-Qualifying Investments	
Bodycote plc	1,248

Corporate Actions

On 25 October 2024, the Company invested a further £400,000 into a new 2029 convertible loan note instrument whilst also converting £300,000 (plus accrued interest) of the 2028 convertible loan note instrument into new ordinary shares in Rosslyn Data Technologies plc.

On 11 November 2024, Aquis Exchange plc announced a recommended cash offer by SIX Exchange Group AG for 727 pence per share in cash. The acquisition remains subject to approval by a majority of shareholders.

On 4 December 2024, Learning Technologies Group plc announced a recommended cash offer by General Atlantic (through Leopard UK Bidco Ltd) for 100 pence per share in cash. The acquisition remains subject to approval by a majority of shareholders.

On 3 December 2024, Zappar Ltd announced that its acquisition by Infinite Reality had not completed.

Alternative performance measures

Alternative performance measures

An APM is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for a VCT.

The definition of each APM is in the glossary of terms on pages 94 to 97. Where the calculation of the APM is not detailed within the financial statements, an explanation of the methodology employed is below:

NAV total return

		30 September 2024	30 September 2023
Opening NAV per share	A	46.34p	60.19p
Special dividend paid	B	1.50p	2.00p
Final dividend paid	C	1.50p	2.00p
Interim dividend paid	D	1.00p	1.00p
Closing NAV per share	E	40.55p	46.34p
NAV total return	((B+C+D+E-A)/A)*100	-3.86%	-14.70%

NAV total return (dividends reinvested)

				30 September 2024	% Return
Opening NAV per share (30 September 2023)			A	46.34p	
Closing NAV per share (30 September 2024)				40.55p	
	Final dividend for year paid February 2024	1.50p			
	Interim dividend July 2024	1.00p			
	Special dividend July 2024	1.50p			
Total dividend payments				4.00p	
Closing NAV per share plus dividends paid				44.55p	-3.86% (-14.70% 30 September 2023)
In year performance of reinvested dividends				-0.16p	
NAV total return (dividends reinvested)	((B-A)/A)*100		B	44.39p	-4.21% (-15.93% 30 September 2023)

Share price total return

		30 September 2024	30 September 2023
Opening share price	A	43.00p	62.75p
Special dividend paid	B	1.50p	2.00p
Final dividend paid	C	1.50p	2.00p
Interim dividend paid	D	1.00p	1.00p
Closing share price	E	39.00p	43.00p
Share price total returns	((B+C+D+E-A)/A)*100	0.00%	-23.51%

Share price total return (dividends reinvested)

			30 September 2024	% Return
Opening share price (30 September 2023)		A	43.00p	
Closing share price (30 September 2024)			39.00p	
	Final dividend for year paid February 2024	1.50p		
	Interim dividend July 2024	1.00p		
	Special dividend July 2024	1.50p		
Total dividend payments			4.00p	
Closing share price plus dividends paid			43.00p	0.00% (-23.51% 30 September 2023)
In year performance of reinvested dividends			-0.08p	
Share price total return (dividends reinvested)	((B-A)/A)*100	B	42.92p	-0.18% (-24.80% 30 September 2023)

Ongoing charges ratio

The OCR has been calculated using the AIC's "Ongoing Charges" methodology.

		30 September 2024 £000	30 September 2023 £000
Investment management fee		2,565	2,797
Other expenses		1078[1]	1,035
VCT proportion of IFSL Marlborough funds expenses		153	65
Ongoing charges	A	3,796	3,897
Average net assets	B	156,509	174,334
Ongoing charges ratio	(A/B)*100	2.43%	2.24%

(1) Other expenses exclude London Stock Exchange fees of £49,110 for admission of shares under the offer for subscription and prior year recognised loan stock interest and dividends not receivable of £368,495 expensed through the income statement as the Board do not consider these costs to be ongoing costs to the fund. As per the AIC's "Ongoing Charges" methodology, transaction costs are also excluded.

Share price discount

		30 September 2024	30 September 2023
Share price	A	39.00p	43.00p
Net asset value per share	B	40.55p	46.34p
Discount	((A/B)-1)*100	-3.82%	-7.21%

The 1-year average discount of -5.46% is calculated by taking the average of the share price discount at each month end between 1 October 2023 and 30 September 2024.

The 5-year average discount of -5.79% is calculated by taking the average of the share price discount at each month end between 1 October 2019 and 30 September 2024.

Glossary of terms

Administrator
Canaccord Genuity Wealth Limited ("CGWL") until 30 September 2024 and CGAM from 1 October 2024.

AGM
The Company's Annual General Meeting to be held at 12:30 pm on 6 February 2025 at 88 Wood Street, London, EC2V 7QR.

AIC
The Association of Investment Companies.

AIC Code
The AIC Code of Corporate Governance.

AIFM
Alternative Investment Fund Manager.

AIM
The Alternative Investment Market operated by the London Stock Exchange.

Annual Report
This annual report of the Company for the financial year 1 October 2023 to 30 September 2024.

Articles
The articles of association of the Company from time to time.

AQSE Growth Market
The Growth Market of the Aquis Stock Exchange, a recognised investment exchange for growth companies operated by Aquis Exchange plc.

Auditor
The independent auditor of the Company, BDO LLP.

Board
The board of directors of the Company, from time to time.

CGWM
In the UK & Europe, Canaccord Genuity Wealth Management ("CGWM") is a trading name of CGWL, CG Wealth Planning Limited ("CGWPL"), CGAM, Intelligent Capital Ltd ("ICL") and Canaccord Genuity Wealth (International) Limited ("CGWIL"), which are all subsidiaries of Canaccord Genuity Group Inc. In Scotland, Adam & Company is a trading name of Canaccord Genuity Wealth Limited ("CGWL"), CG Wealth Planning Limited ("CGWPL") and Intelligent Capital Limited ("ICL").

Company
Hargreave Hale AIM VCT plc.

Company Secretary
JTC (UK) Limited.

Custodian
Canaccord Genuity Wealth Limited ("CGWL").

Director
A director of the Company.

DRIS
The dividend reinvestment scheme operated by the Company.

Earnings per share total return
Total profit/(loss) for the reporting period divided by the weighted average number of shares in issue.

Eligible Shares
Shares in Qualifying Companies which do not carry preferential rights to dividends and/or assets on a winding-up or redemption.

FCA
The Financial Conduct Authority.

FTSE AIM All-Share Index Total Return
Measures the total return of the underlying FTSE AIM All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

FTSE All-Share Index Total Return
Measures the total return of the underlying FTSE All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

IMA
Investment management agreement between the Company and CGAM dated 7 September 2023.

Investment Manager
Canaccord Genuity Asset Management Limited ("CGAM").

IPEV Guidelines
International Private Equity and Venture Capital Valuation guidelines.

IPO
The process by which a company obtains a first listing or quotation for securities on an investment exchange and offers securities to the public for the first time.

ISAs (UK)
International Standards on Auditing (UK).

ITA
Income Tax Act 2007, as amended.

KID
The Company's Key Information Document.

Knowledge Intensive Companies
A company satisfying the conditions in Section 331(A) of Part 6 ITA.

KPIs
Key performance indicators.

MSPEC
The Management and Service Provider Engagement Committee of the Board.

Non-Qualifying Company or Non-Qualifying Investment
An investment made by the Company which is not a Qualifying Investment and is permitted under the VCT Rules.

Offer Shares
New ordinary shares of 1 penny each in the capital of the Company issued or to be issued pursuant to the Offer for Subscription of Ordinary Shares in Hargreave Hale AIM VCT plc launched on 9 October 2024.

PRIIPs
(Retained EU legislation) Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

Qualifying Company or Qualifying Investment
An investment made by a venture capital trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA.

Qualifying Trade

A trade complying with the requirements of section 300 ITA.

Receiving Agent

Canaccord Genuity Asset Management Limited (or "CGAM").

Registrar

Equiniti Limited.

SaaS

Software-as-a-Service.

Section 172

Section 172 of the Companies Act 2006.

Shareholders

Holders of ordinary shares of 1 pence each in the capital of the Company, from time to time.

SORP

Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (2022).

State aid

State aid received by a company as defined in Section 280B (4) of ITA.

UK GAAP

United Kingdom Generally Accepted Accounting Practice and applicable law.

VCT or Venture Capital Trust

Venture capital trust as defined in section 259 ITA.

VCTA

The VCT Association.

VCT Rules

All legislation, rules and regulations that apply to VCTs from time to time, including the ITA.

Alternative performance measures (or "APMs")

An alternative performance measure is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Company uses the following alternative performance measures:

Net asset value ("NAV")

The value of the Company's assets, less its liabilities.

NAV per share

The net asset value divided by the total number of shares in issue at the year end.

NAV total return

The NAV total return shows how the NAV per share has performed over a period of time in percentage terms taking into account both capital returns and dividends paid. We calculate this by adding the dividends paid in the period to the closing NAV per share and measuring the percentage change relative to the opening NAV per share.

NAV total return since inception

The sum of the published NAV per share plus all dividends paid per share over the lifetime of the Company.

NAV total return (dividends reinvested)

The NAV total return (dividends reinvested) shows the percentage movement in the NAV Total Return per share over time taking into account both capital returns and dividends paid assuming dividends are re-invested into new shares. To be consistent with industry standard practice, the allotment price of the new shares issued in place of the cash dividend is assumed to be the prevailing ex-dividend NAV per share on the day the shares go ex-dividend. This differs from the methodology followed by the registrar when issuing shares under the Company's dividend re-investments scheme.

Ongoing charges ratio (or "OCR")

The ongoing costs of managing and operating the Company divided by its average net assets. Calculated in accordance with AIC guidance, this figure excludes 'non-recurring costs'.

Share price discount

As stock markets and share prices vary, a VCT's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Share price total return

The share price total return shows performance over a period of time in percentage terms by reference to the mid-price of the Company's shares taking into account dividends paid and payable having past the ex-dividend date in the period and any return of capital if applicable.

We calculate this by adding the dividends paid and payable having past the ex-dividend date in the period to the closing mid-price and measuring the percentage change relative to the opening mid-price.

Share price total return (dividends reinvested)

The performance of the Company's share price on a total return basis assuming dividends are reinvested in new shares at the mid-price of the shares on the ex-dividend date.

Shareholder information

The Company's ordinary shares (Code: HHV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, www.londonstockexchange.com, for the latest news and share prices of the Company. Further information for the Company can be found on its website at www.hargreaveaimvcts.co.uk.

Net asset value per share

The Company's NAV per share as at 6 December 2024 was 40.29 pence per share. The Company publishes its unaudited NAV per share on a weekly basis.

Dividends

Subject to approval at the forthcoming AGM on 6 February 2025, the Board has proposed the payment of a final dividend of 1.25 pence in respect of the financial year ending 30 September 2024. A special dividend of 1.50 pence per share has also been approved by the Board.

Shareholders who wish to have future dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Registrar. Alternatively, bank details can be updated through the Registrar's Shareview system.

Dividend reinvestment scheme

The Company offers a DRIS scheme allowing Shareholders to elect to receive all of their dividends from the Company in the form of new ordinary shares. Shareholders may elect to join the DRIS at any time by completing a DRIS mandate form. Mandates can be obtained by contacting the Registrar or by visiting the Company's website at www.hargreaveaimvcts.co.uk. As new ordinary shares will be issued, Shareholders are also able to claim tax relief on the shares, including 30 per cent. income tax relief on their investment (subject to the terms of the VCT Rules and the personal circumstances of the Shareholder). To exit the DRIS, a revoke form must be completed and returned to the Registrar. Revoke forms can be obtained by contacting the Registrar or by visiting the Company's website at www.hargreaveaimvcts.co.uk. Please note that completing a bank mandate form or adding bank details to your account through Shareview in isolation will not remove you from the DRIS scheme.

Selling your shares

The Company aims to improve the liquidity in its ordinary shares and to maintain a discount of approximately 5% to the last published NAV per share (as measured against the mid-price of the shares) by making secondary market purchases. This policy is non-binding and at the discretion of the Board. The effective operation of the policy is dependent on a range of factors which may prevent the Company from achieving its objectives. As a result there is no guarantee you will be able to sell your shares or of the discount to NAV per share at which they will be sold.

VCT share disposals are exempt of capital gains tax when the disposal is made at arms' length, which means a Shareholder should sell their shares to a market maker through a stockbroker or another share dealing service. In practice, this means that the price achieved in a sale is likely to be below the mid-price of the Company's shares and, therefore, the discount is likely to be more than 5% to the last published NAV per share.

VCT share disposals settle two business days post trade if the shares are already dematerialised or placed into CREST ahead of the trade, or ten days post trade if the stock is held in certificated form.

Investors who sell their VCT shares before the fifth anniversary of the share issue are likely to have to repay their income tax relief. CGWM can facilitate the sale of the Company's shares and is able to act for Shareholders who wish to sell their shares. However, you are free to nominate any stockbroker or share dealing service to act for you. If you would like further information from CGAM please contact the VCT administration team at aimvct@canaccord.com or call 01253 376622.

Please note that CGAM will need to be in possession of the share certificate and a completed CREST transfer form before executing the sale. If you have lost your share certificate, then you can request a replacement certificate from the Registrar. The Registrar will send out an indemnity form, which you will need to sign. The indemnity form will also need to be countersigned by a UK insurance company or bank that is a member of the Association of British Insurers. Since indemnification is a form of insurance, the indemnifying body will ask for a payment to reflect their risk. Fees will reflect the value of the potential liability.

Shareholder enquiries:

For general Shareholder enquiries, please contact the administration team at CGAM on 01253 376622 or by e-mail to aimvct@canaccord.com. For enquiries concerning the performance of the Company, please contact the Investment Manager on 0207 523 4837 or by e-mail to aimvct@canaccord.com.

Electronic copies of this report and other published information can be found on the Company's website at www.hargreaveaimvcts.co.uk.

Change of address

To notify the Company of a change of address please contact the Registrar at the address on page 100. Alternatively, address details can be updated through the Registrar's Shareview system.

Company information

Directors
David Brock, Chair
Oliver Bedford
Angela Henderson
Megan McCracken
Busola Sodeinde
Justin Ward

Custodian
Canaccord Genuity Wealth Limited
c/o Talisman House
Boardmans Way
Blackpool
FY4 5FY

VCT Status Adviser
Philip Hare & Associates LLP
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EC1A 2AY

Auditors
BDO LLP
55 Baker Street
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W1U 7EU

Company Registration Number
05206425 in England and Wales

Registered office
Talisman House
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Blackpool
FY4 5FY

Investment Manager and Administrator
Canaccord Genuity Asset Management Limited
88 Wood Street
London
EC2V 7QR

Company Secretary
JTC (UK) Limited
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Brokers
Singer Capital Markets Securities Limited
One Bartholomew Lane
London
EC2N 2AX

Solicitors
Howard Kennedy LLP
1 London Bridge
London
SE1 9BG

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Hargreave Hale AIM VCT plc (the "**Company**") (the "**AGM**") will be held at 88 Wood Street, London EC2V 7QR on Thursday 6 February 2025 at 12.30 pm for the purposes of considering and if thought fit, passing the following resolutions, of which resolutions 1 to 12 (inclusive) will be proposed as ordinary resolutions and resolutions 13 and 14 as special resolutions:

Ordinary Resolutions

1. To receive and adopt the reports of the directors and auditor and the audited financial statements for the year ended 30 September 2024.
2. To receive and approve the directors' remuneration report for the year ended 30 September 2024.
3. To approve the directors' remuneration policy, the full text of which is contained in the directors' remuneration report for the year ended 30 September 2024.
4. To reappoint BDO LLP as auditors to the Company and to authorise the directors of the Company to determine their remuneration.
5. To re-elect David Brock as a director of the Company.
6. To re-elect Oliver Bedford as a director of the Company.
7. To re-elect Justin Ward as a director of the Company.
8. To re-elect Megan McCracken as a director of the Company.
9. To re-elect Busola Sodeinde as a director of the Company.
10. To approve a final dividend of 1.25 pence per ordinary share in respect of the year ended 30 September 2024.
11. To authorise the directors of the Company (the "**Directors**"), in addition to any existing power and authority granted to the Company pursuant to Article 29 of the Company's articles of association (the "**Articles**"), to exercise the power conferred on them by Article 29 of the Articles to offer holders of ordinary shares in the capital of the Company the right to elect to receive ordinary shares of 1 penny each in the capital of the Company ("**Ordinary Shares**") credited as fully paid, instead of cash, in respect of the whole (or some part to be determined by the Directors) of dividends declared, made or paid during the period starting with the date of this resolution and ending at the conclusion of the next annual general meeting of the Company following the date of this resolution and to authorise the Directors to do all acts and things required or permitted to be done in accordance with the Articles in connection therewith.
12. THAT, in addition to all existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot Ordinary Shares and to grant rights to subscribe for, or to convert any security into, Ordinary Shares ("**Rights**"), up to an aggregate nominal value of £367,326 (being equal to approximately 10 per cent. of the Company's issued share capital (excluding treasury shares) as at 17 December 2024 generally from time to time or pursuant to Shareholders' right to elect to participate in the dividend reinvestment scheme operated by the Company in accordance with Article 29 of the Articles on such terms as the Directors may determine, such authority to expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2026 and the expiry of 15 months from the passing of this resolution (unless previously renewed, varied or revoked by the Company in a general meeting), but so that this authority shall allow the Company to make, before the expiry of this authority offers or agreements which would or might require Shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot Shares or grant Rights pursuant to any such offers or agreements as if the power conferred by this resolution had not expired.

Special Resolutions

13. THAT, in addition to all existing authorities and subject to the passing of Resolution 12 set out in this notice of meeting, the Directors be and are hereby empowered, pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority given pursuant to Resolution 12 set out in the notice of this meeting, or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:
    (i) shall be limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £183,663 (representing approximately 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at 17 December 2024) pursuant to the dividend reinvestment scheme operated by the Company;

(ii) shall be limited to the allotment of equity securities and the sale of treasury shares for cash (otherwise than pursuant to sub-paragraph (i) above), up to an aggregate nominal amount of £183,663 (representing approximately 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at 17 December 2024); and

(iii) expires on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2026 and the expiry of 15 months from the passing of this resolution (unless previously renewed, varied or revoked by the Company in a general meeting), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this resolution had not expired.

14. THAT, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Act, to make one or more market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares on such terms and in such manner as the directors may determine (either for cancellation or for retention as treasury shares for future re-issue, resale, transfer or cancellation) provided that:

a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 55,062,233 Ordinary Shares or, if less, the number representing approximately 14.99 per cent. of the issued share capital of the Company as at the date of the passing of this resolution;

b) the maximum price (excluding expenses) which may be paid for any Ordinary Share purchased pursuant to this authority shall not be more than the higher of:

(i) 105 per cent. of the average of the middle market quotations of an Ordinary Share in the Company, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the date of purchase; and

(ii) the higher price of the last independent trade of an Ordinary Share and the highest current independent bid for such a share on the London Stock Exchange plc;

c) the minimum price (excluding expenses) which may be paid for an Ordinary Share shall be 1 penny (the nominal value thereof); and

d) unless previously varied, revoked or renewed by the Company in general meeting, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2026 or on the expiry of 15 months following the passing of this resolution, whichever is the earlier, save that the Company may, prior to the expiry of such authority, enter into a contract or contracts to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract or contracts as if the power conferred by this resolution had not expired.

By order of the Board of Directors.

JTC (UK) Limited
Company Secretary

Registered Office:
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

17 December 2024

A member entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote on their behalf. A proxy need not also be a member of the Company, however Shareholders who wish to appoint a proxy are recommended to appoint the Chair of the AGM as their proxy. To be effective, forms of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of that power or authority must be lodged with the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (the "**Registrar**") not less than 48 hours (excluding non-working days) before the time appointed for holding the meeting or any adjourned meeting.

A member may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. Members may not appoint more than one proxy to exercise rights attached to any one ordinary share. The return of a completed proxy form or other instrument of proxy will not prevent you attending the AGM and voting in person if you wish. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 (nominated persons). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001 specifies that only those members registered in the register of members of the Company as at 6.30 pm on 4 February 2025 or, in the event that the meeting is adjourned, on the register of members at 6.30 pm on the day two days (excluding non-working days) prior to the reconvened meeting, shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 6.30 pm on 4 February 2025 (or in the event that the meeting is adjourned, as at 6.30 pm two days (excluding non-working days) prior to the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions in any enactment, the Articles of Association of the Company or any other instrument to the contrary.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (www.euroclear.com). CREST personal members or other CREST sponsored members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST proxy instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Registrar (ID RA19), not later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and where applicable their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.30 pm on 4 February 2025 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

It is possible for you to submit your proxy votes online by going to the Registrar's Shareview website, www.shareview.co.uk, and logging in to your Shareview Portfolio. Once you have logged in, simply click 'View' on the 'My Investments' page and then click on the link to vote and follow the on-screen instructions. If you have not yet registered for a Shareview Portfolio, go to www.shareview.co.uk and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Information regarding the AGM, including the information required by section 311A of the Companies Act 2006, is available from https://www.hargreaveaimvcts.co.uk.

Under section 319A of the Companies Act 2006, the Company must answer at the AGM any question a member asks relating to the business being dealt with at the AGM unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website https://www.hargreaveaimvcts.co.uk.

Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

Members representing 5 per cent. or more of the total voting rights of all members or at least 100 persons (being either members who have a right to vote at the AGM and hold shares on which there has been paid up an average sum, per member, of £100, or persons satisfying the requirements set out in s.153(2) of the Companies Act 2006) may:

a) require the Company, under s.338 of the Companies Act 2006, to give notice of a resolution which may properly be moved at the AGM. Any such request, which must comply with s.338(4) of the Companies Act 2006, must be received by the Company no later than 6 weeks before the date fixed for the AGM; and
b) require the Company, under s.338A of the Companies Act 2006 to include any matter (other than a proposed resolution) in the business to be dealt with at the AGM. Any such request, which must comply with s.338A of the Companies Act 2006, must be received by the Company no later than 6 weeks before the date fixed for the AGM.

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

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Shareholders (and any proxy or representatives they appoint) agree, by attending the meeting, that they are expressly requesting that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.

Members who have general queries about the meeting should contact the Registrar on +44 (0)371 384 2714, if calling from outside the UK, please ensure the country code is used, or contact them via their website www.shareview.co.uk. Lines are open 8.30 am to 5.30 pm Monday to Friday (excluding public holidays in England and Wales), (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of meeting or any related documents (including the form of proxy) to communicate with the Company for any purpose other than those expressly stated.

Note:

1. The following documents will be available for inspection at the registered office of the Company, Talisman House, Boardmans Way, Blackpool, England, FY4 5FY, during usual business hours on a weekday (except Saturdays, Sundays and Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes up to and during the meeting;
    a) copies of the Directors' letters of appointment;
    b) the Articles of Association of the Company; and
    c) the register of Directors' interests in the shares of the Company.
2. As at 17 December 2024 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 367,326,440 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company are 367,326,440.

Appendix - Scrip dividend scheme

SUMMARY TERMS AND CONDITIONS

General

The Company operates, through the Registrar, a DRIS whereby Shareholders can elect to have relevant dividends reinvested in new Ordinary Shares.

The Company seeks to renew its DRIS by virtue of Resolution 11 set out in the Notice of AGM. If Resolution 11 is passed, the DRIS will apply to any subsequent interim or final dividend of the Company in respect of which a scrip dividend alternative is offered and this Shareholder authority will expire at the AGM to be held in 2026.

When a future dividend is announced, the Company will advise if the DRIS applies to that dividend, together with the relevant details for that dividend.

The details (including the timetable, price etc.) for each relevant dividend to which the DRIS will apply along with the full terms and conditions of the DRIS, will be/are available on the Company's website at https://www.hargreaveaimvcts.co.uk. Information regarding future scrip dividend alternatives will also be provided via a Regulatory Information Service. Shareholders can also contact the Registrar on their helpline at 0371 384 2714 (or from overseas on +44 121 415 7047) if they have any questions about the operation of the DRIS in respect of any relevant dividend.

Whether or not you should elect to receive new Ordinary Shares instead of cash in respect of any future relevant dividends may depend on your own personal tax circumstances. Please note, the tax treatment may change during the period for which the Scrip Dividend Scheme is available.

For the avoidance of doubt, if you currently participate in the Company's DRIS and do not wish to cancel your standing mandate, there is no need to complete a new Mandate Form as your existing mandate will stand.

For general enquiries about the DRIS please contact the Registrar on 0371 384 2714 (or from overseas on +44 121 415 7047) or contact them via their website www.shareview.co.uk. Lines are open from 8:30 a.m. to 5:30 p.m. Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the DRIS nor give any personal financial, legal or tax advice.

Summary terms and conditions of the DRIS

For the avoidance of doubt, unless the context otherwise requires, all defined terms used in this Appendix have the same meanings as set out in the 'DRIS Terms and Conditions' available on the Company's website at https://www.hargreaveaimvcts.co.uk.

1. Participation in the DRIS

a. Applicants may join the DRIS by giving notice in writing to the DRIS Manager. The Company, acting through the DRIS Manager, shall have absolute discretion to accept or reject applications to participate in the DRIS. An Applicant shall become a member of the DRIS upon acceptance of his or her application by the DRIS Manager on the Company's behalf. The DRIS Manager will provide written notification if an application is rejected. Only Shareholders or their applicable Nominee Shareholder may join the DRIS.

b. In order to participate in the DRIS in relation to a certain Investment Date an Applicant must have notified the DRIS Manager of their intention to participate in the DRIS at least ten Business Days prior to the relevant Investment Day.

c. The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirement of any regulatory authority or other body which is binding upon the Company or the DRIS Manager.

d. The Company and the DRIS Manager shall be entitled, at their absolute discretion at any time and from time to time, to suspend the operation of the DRIS and/or to terminate the DRIS without notice to the Applicants and/or to resolve to pay dividends to Applicants partly by way of cash and partly by way of new Ordinary Shares and/or to refuse to invest dividends due on Ordinary Shares held by a Nominee Shareholder where the DRIS Manager is unable to obtain confirmation of the identity and shareholdings of the relevant Beneficial Shareholder. In the event of termination, the Company shall, subject to the terms and conditions, pay to each Applicant all of the monies held by the Company on his or her behalf under the DRIS.

e. Applicants who are not Shareholders may join the DRIS in respect of the number of Ordinary Shares of the Company specified as Nominee Shareholdings and notified to the DRIS Manager by the Applicant and the Shareholder in whose name the Ordinary Shares are held.

f. The number of Ordinary Shares held by any such Applicant which are mandated to the DRIS shall be altered immediately following any change to the number of Ordinary Shares in respect of which such Shareholder is the registered holder as entered onto the share register of the Company from time to time.

g. Applicants who hold their Ordinary Shares through a Nominee may join the DRIS in respect of the number of Ordinary Shares of the Company specified as Nominee Shareholdings and notified to the DRIS Manager by the Applicant and the Shareholder in whose name the Ordinary Shares are held.

2. Issue of Ordinary Shares under the DRIS

a. On an Investment Day, dividends paid, or to be paid, on Ordinary Shares held by, or on behalf of, Applicants who have elected to participate in the DRIS in relation to those Ordinary Shares shall be transferred by the Company to the DRIS.

b. On or as soon as practicable after an Investment Day, the funds held within the DRIS on behalf of an Applicant shall be applied on behalf of that Applicant in the subscription for the maximum number of whole new Ordinary Shares as can be acquired with those funds.

c. The number of new Ordinary Shares to be allotted to an Applicant shall be calculated by dividing the funds held within the DRIS on behalf of the Applicant by the greater of:

   I. the latest published net asset value per Ordinary Share (net of all unpaid dividends declared on or before an Investment Day);

   II. the nominal value per Ordinary Share; and

   III. the mid-market price per Ordinary Share as quoted on the London Stock Exchange, each at the close of business on the tenth Business Day preceding the date of issue of such Ordinary Shares.

   Fractions of new Ordinary Shares will not be allotted to Applicants and their entitlement will be rounded down to the nearest whole number of new Ordinary Shares.

d. Any balance of cash remaining within the DRIS for the account of an Applicant after an issue of Ordinary Shares is made shall be held by the Company on behalf of the relevant Applicant and added to the cash available in respect of that Applicant for the subscription of Ordinary Shares on the next Investment Day. No interest shall accrue or be payable in favour of any Applicant on any such cash balances carried forward. All cash balances held by the Company will be held as banker and not trustee and as a result will not be held in accordance with any client money rules made by the Financial Conduct Authority from time to time.

e. The new Ordinary Shares will rank equally with all existing Ordinary Shares.

f. The issue of Ordinary Shares under the DRIS shall be conditional on the following:

   I. the Company having the requisite Shareholder authorities to allot Ordinary Shares under the DRIS; and

   II. the Company having not issued Ordinary Shares representing more than 10 per cent. of its issued share capital under the DRIS in the 12 months immediately preceding the Investment Date, and if this limit is reached in relation to Ordinary Shares to be issued on an Investment Date, the entitlements of each Applicant in relation to that Investment Date will be scaled back on a pro-rata basis.

g. The Company shall immediately after the issue of Ordinary Shares under the DRIS take all necessary steps to ensure that those Ordinary Shares shall be admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange, provided that at the time of such issue the existing Ordinary Shares in issue are so admitted to the Official List and to trading on the premium segment of the main market of the London Stock Exchange.

h. The DRIS Manager shall as soon as practicable after the issue of Ordinary Shares take all necessary steps to ensure that the Applicants (or, where an Applicant is not a Shareholder, the Shareholder on whose behalf the Ordinary Shares mandated to the DRIS are held) are entered onto the share register of the Company as the registered holders of the Ordinary Shares issued to them in accordance with the DRIS, and that share certificates (unless such Ordinary Shares are to be uncertificated in which case the new Ordinary Shares will be credited to the Applicant's CREST account) in respect of such Ordinary Shares are issued and delivered to Applicants at their own risk

Applicants (or such other person as aforesaid) will receive with their share certificates (if any) a statement detailing:

I. the total number of Ordinary Shares held at the Investment Day in respect of which a valid election to participate in the DRIS was made;

II. the amount of the dividend available for investment and participation in the DRIS;

III. the price at which each Ordinary Share was issued under the DRIS;

IV. the number of Ordinary Shares issued and the date of issue; and the amount of cash to be carried forward for investment on the next Investment Day.

3. Terminating and amending participation in the DRIS

a. An Applicant may at any time by completing a Mandate Form and sending it to the DRIS Manager, terminate his or her participation in the DRIS and withdraw any monies held by the Company on his or her behalf in relation thereto.

b. If an Applicant who is a Shareholder shall at any time cease to hold Ordinary Shares, he or she shall be deemed to have submitted a Mandate Form under paragraph 3(a) above in respect of his or her participation in the DRIS. Whenever a Nominee Shareholder sells Ordinary Shares on behalf of the Beneficial Shareholder, the Nominee Shareholder agrees to notify the DRIS Manager of the full details of the sale as soon as practicable. Neither the Company nor the DRIS Manager shall be responsible for any loss or damage as a result directly or indirectly of a failure by a Nominee Shareholder to comply with such obligation. If a Shareholder in whose name Ordinary Shares are held on behalf of an Applicant shall at any time cease to hold any Ordinary Shares on behalf of that Applicant, he or she shall be deemed to have submitted a Mandate Form under paragraph 3(a) above in respect of his or her participation in the DRIS. If notice of termination is served or deemed to have been served, all of the monies held by the Company on the Applicant's behalf shall be delivered to the Applicant as soon as reasonably practicable at the address set out in the Mandate Form, subject to any deductions which the Company may be entitled or bound to make. Any Mandate Form submitted or deemed to have been submitted as set out above shall not be effective in respect of the next forthcoming Investment Day unless it is received by the DRIS Manager at least ten Business Days prior to such Investment Day.

c. Cash balances of less than £1 held on behalf of Applicants who have withdrawn from, or otherwise cease to participate in, the DRIS will not be repaid, but will be donated to a recognised registered charity at the discretion of the Company.

4. Notices

All Mandate Forms and any other notices and instructions to be given to the DRIS Manager shall be in writing and delivered or posted to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

Produced by Black&Callow
london@blackandcallow.com
www.blackandcallow.com
020 3794 1720

Hargreave Hale AIM VCT plc
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