

# Kings Arms Yard VCT PLC

Annual Report and Financial  
Statements for the year  
ended 31 December 2021



2021



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# Company information

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## Company name

Kings Arms Yard VCT PLC (the “Company”)

## Company number

03139019

## Directors

F Wollocombe, Chairman  
T W Chambers  
J Chiplin  
M G Fiennes  
S Pathakji

## Country of incorporation

United Kingdom

## Legal form

Public Limited Company

## Manager, company secretary, AIFM and registered office

Albion Capital Group LLP  
1 Benjamin Street  
London, EC1M 5QL

## Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgewater Road  
Bristol, BS99 6ZZ

## Auditor

BDO LLP  
55 Baker Street  
London, W1U 7EU

## Corporate broker

Panmure Gordon (UK) Limited  
One New Change  
London, EC4M 9AF

## Taxation adviser

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

## Legal adviser

Bird & Bird LLP  
12 New Fetter Lane  
London, EC4A 1JP

## Depository

Ocorian Depository (UK) Limited  
Level 5, 20 Fenchurch Street  
London, EC3M 3BY

Kings Arms Yard VCT PLC is a member of The Association of Investment Companies ([www.theaic.co.uk](http://www.theaic.co.uk)).

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## Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:

Tel: 0370 873 5858 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri; calls are recorded)

Website: [www.investorcentre.co.uk](http://www.investorcentre.co.uk)

Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare’s website.

Shareholders can also contact the Chairman directly on: [KAYchair@albion.capital](mailto:KAYchair@albion.capital)

## Financial adviser information

For enquiries relating to the performance of the Company and information for financial advisers, please contact the Business Development team at Albion Capital Group LLP:

Email: [info@albion.capital](mailto:info@albion.capital)

Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri; calls are recorded)

Website: [www.albion.capital](http://www.albion.capital)

**Please note that these contacts are unable to provide financial or taxation advice.**

# Investment policy

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Kings Arms Yard VCT PLC (the “Company”) is a Venture Capital Trust and the investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value.

## **Investment policy**

The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

Funds held pending investment or for liquidity purposes are held as cash on deposit or similar instruments with banks or other financial institutions with high credit ratings assigned by international credit rating agencies.

## **Risk diversification and maximum exposures**

Risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single portfolio company is 15 per cent. of the Company’s assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

The Company’s maximum exposure in relation to gearing is restricted to the amount equal to its adjusted capital and reserves.

## Financial calendar

Record date for first interim dividend	8 April 2022
Payment date for first interim dividend	29 April 2022
Annual General Meeting	Noon on 9 June 2022
Announcement of Half-yearly results for the six months ending 30 June 2022	September 2022

# Financial highlights

**23.05p**

Net asset value per share as at 31 December 2021

**3.72p**

Basic and diluted return per share

**2.34p**

Total tax free dividends per share paid in the year to 31 December 2021

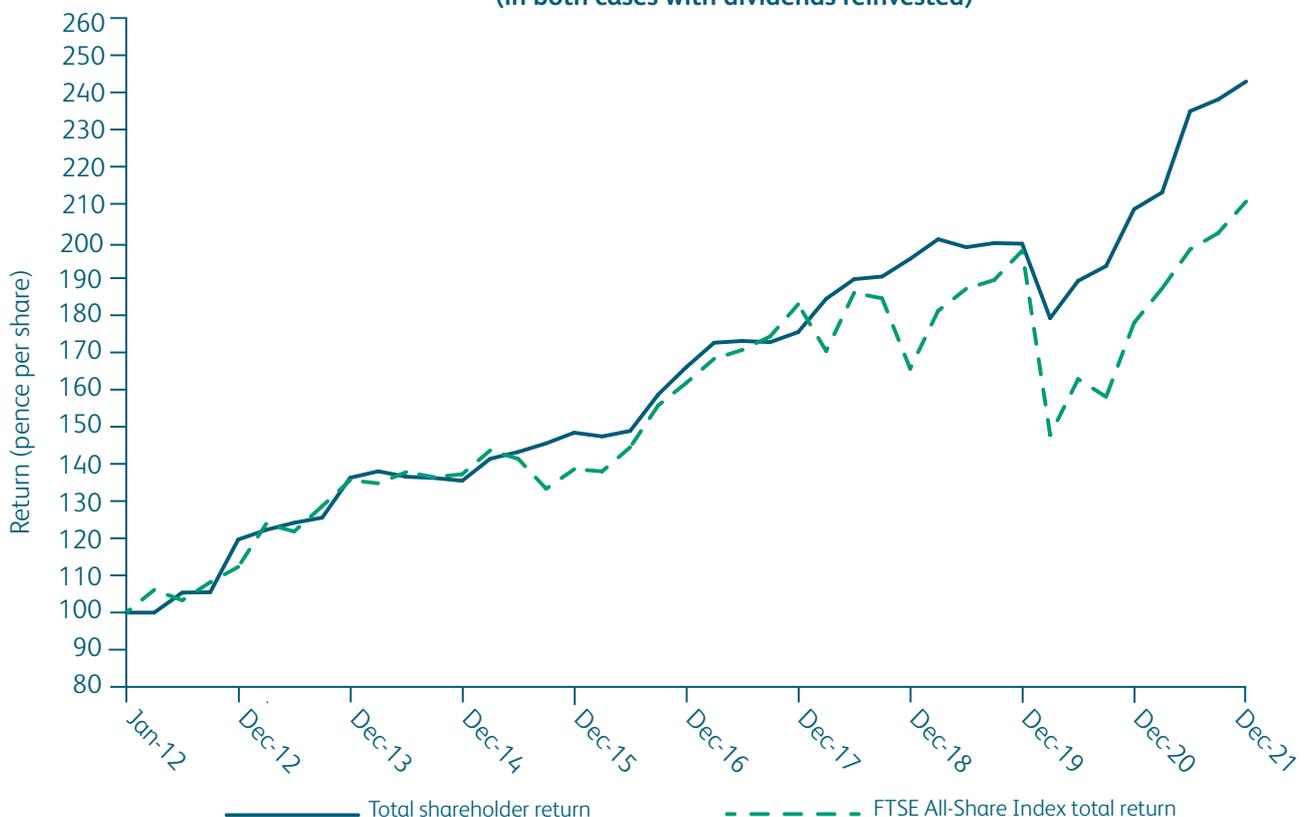
**16.3%**

Shareholder return for the year ended 31 December 2021<sup>†</sup>

**0.58p**

First tax free dividend per share declared for the year ending 31 December 2022 payable on 29 April 2022

**Total shareholder return relative to FTSE All-Share Index total return from 1 January 2012 to 31 December 2021 (in both cases with dividends reinvested)**



Methodology: Total shareholder return, including original amount invested (rebased to 100 from 1 January 2012), assuming that dividends were reinvested at the net asset value of the Company at the time when the shares were quoted ex-dividend. Tax reliefs and transaction costs are not taken into account.

<sup>†</sup>This is considered an Alternative Performance Measure, see note 3 on page 11 of the Strategic report for further explanation.

# Financial highlights continued

	31 December 2021 (pence per share)	31 December 2020 (pence per share)
Opening net asset value	21.84	22.02
Capital return	3.61	0.59
Revenue return	0.11	0.32
Total return	3.72	0.91
Dividends paid	(2.34)	(1.11)
Impact from share capital movements	(0.17)	0.02
Net asset value	23.05	21.84

## Shareholder return and shareholder value

(pence per share)

### Shareholder return from launch to 1 January 2011

Subscription price per share at launch	100.00
Total dividends paid to 1 January 2011	58.66
Decrease in net asset value	(83.40)

**Total shareholder value to 1 January 2011** **75.26**

### Shareholder return from 1 January 2011 to 31 December 2021 (period that Albion Capital has been investment manager):

Total dividends paid	12.52
Increase in net asset value	6.45

**Total shareholder return from 1 January 2011 to 31 December 2021** **18.97**

### Shareholder value since launch:

Total dividends paid to 31 December 2021	71.18
Net asset value as at 31 December 2021	23.05

**Total shareholder value as at 31 December 2021** **94.23**

The above financial summary is for the Company, Kings Arms Yard VCT PLC only. Details of the financial performance of the various Quester, SPARK and Kings Arms Yard VCT 2 PLC companies, which have been merged into the Company, can be found at [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) under the 'Financial summary for previous funds' section.

The Directors have declared a first dividend of 0.58 pence per share for the year ending 31 December 2022, which will be paid on 29 April 2022 to shareholders on the register on 8 April 2022.

## Kings Arms VCT PLC - Performance data



■ 1 year average 16.3% p.a. ■ 3 year average 7.2% p.a. ■ 5 year average 7.9% p.a. ■ 10 year average 10.9% p.a.

The graph above shows the one year, three year, five year and ten year total return to shareholders. This return comprises of dividends paid and the change in net asset value over the relevant periods.

# Chairman's statement



Fiona Wollocombe  
Chairman

## Introduction

I am pleased to be able to report a total return of 3.72 pence per share and a 16.3% shareholder return for the year ended 31 December 2021. Over the last financial year our portfolio companies have continued to show resilience and, in many cases growth, throughout the uncertainty of the ongoing Covid-19 pandemic. This has been reflected in the strong return for the year and the special dividend of 1.14 pence per share that was paid out to shareholders on 29 October 2021. Despite the ongoing challenges of the pandemic, there was reason for optimism after such disruption to the wider economy. Now however with the unfolding crisis in Ukraine, brought on by Russia, there is no

certainty as to when the, as yet unknown, challenges to the global economy will be resolved. I am however optimistic that our portfolio companies will continue to add value over the longer term, and we can still find new investment opportunities which will increase shareholder value but inevitably there will be disruption.

### Results and dividends

As at 31 December 2021, the net asset value ("NAV") was £101.8 million or 23.05 pence per share, compared to £81.7 million or 21.84 pence per share at 31 December 2020. The total return before taxation was £16.0 million compared to a return of £3.4 million for the previous year. The positive progress of our investment portfolio is discussed later in this statement and in the Strategic report on page 10.

In line with the variable dividend policy targeting around 5% of NAV per annum, announced last year, the Company paid dividends of 1.20 pence per share during the year to 31 December 2021. In addition to this, the Company paid a special dividend of 1.14 pence per share due to the significant disposals during the year, in particular the care homes. This resulted in the Company paying dividends totalling 2.34 pence per share for the year ended 31 December 2021 (2020: 1.11 pence per share).

The Board is pleased to declare a first dividend for the financial year ending 31 December 2022 of 0.58 pence per share, being 5% of the prevailing NAV, to be paid on 29 April 2022 to shareholders on the register on 8 April 2022.

### Investment realisations

The strong return for the year was primarily driven by a number of successful exits which generated proceeds of £27.0 million for the Company. The bulk of the proceeds came from the sale of the Company's three care homes for the elderly; Active Lives Care, Ryefield Court Care, and Shinfield Lodge Care. The sale generated proceeds of £14.7 million which represents a 2.4x return on cost (including interest received), an excellent result for the Company.

Another strong exit, returning 2.4 times cost (including interest received), was our investment in OmPrompt Holdings which generated proceeds of £3.2 million. The Company also

completed the sale of Antenova and Perpetuum generating proceeds of £5.3 million and £1.4 million respectively. In addition to this, the Company sold its holding in MPP Global Solutions, Innovation Broking, Elateral Group and SBD Automotive, generating further proceeds of £2.0 million for the year. Elateral Group was an investment inherited from the previous manager which Albion continued to support for a number of years. Sadly Elateral did not manage to scale significantly and thus we sold our investment for £0.5m realising a loss on cost of £5.0 million. Further details on these realisations can be found in the realisations table on page 27.

I am also pleased to announce that, following the year end, the Company completed the sale of Phrasee generating proceeds of £2.0 million and a return of 3.0 times cost. In addition to this, the Company completed the sale of Credit Kudos generating proceeds of £0.9 million,

### Investment performance and progress

It is encouraging to see the resilience and growth of our portfolio despite the Covid-19 pandemic and this is shown by the gain on investments of £18.5 million for the year. The portfolio now comprises a total of 59 companies of which 9 are legacy investments made before the present Manager was appointed in January 2011.

Quantexa and Oviva have both been revalued after externally led funding rounds, resulting in uplifts of £4.8 million and £1.3 million respectively. Proveca continues to trade well both within the UK and the EU resulting in an uplift of £1.7 million. We have also seen many of our other portfolio companies performing well. For example, Arecor Therapeutics listed onto the AIM stock exchange during the period and its share price has since increased by 72% leading to an increase in value of £0.6 million. Phrasee and Credit Kudos also contributed to the

valuation gain, due to their sales which completed post year end. Inevitably some of our portfolio companies were impacted by the pandemic, with Mirada Medical being written down by a further £0.2 million due to sales to hospitals being delayed by the pandemic, and Avora being written down by £0.5 million following a period of difficult trading. We have also written-off our investment in Xperiome, which unfortunately went into administration following the year end.

The Company has been an active investor during the year with £6.6 million invested into portfolio companies, of which £3.4 million was invested across five new portfolio companies, all of which are expected to require further investment as the companies prove themselves and grow. These are:

- £0.9 million (Albion VCTs: £7.0 million) in Threadneedle Software Holdings Limited (trading as Solidatus), a provider of data lineage software to enterprise customers in regulated sectors, which allows them to rapidly discover, visualise, catalogue and understand how data flows through their systems;
- £0.8 million (Albion VCTs: £4.0 million) in Gravitee Topco Limited (trading as Gravitee.io), an API management platform;
- £0.8 million (Albion VCTs: £3.6 million) in NuvoAir Holdings Inc, a provider of digital therapeutics and decentralised clinical trials for respiratory conditions;
- £0.6 million (Albion VCTs: £2.5 million) in Brytlyt Limited, a GPU database software provider; and
- £0.3 million (Albion VCTs: £1.5 million) in Accelex Technology Limited, a provider of data extraction and analytics technology for private capital markets.

A full list of the Company's investments and disposals, including their movements in value for the year, can be found in the

Portfolio of investments section on pages 25 to 27.

### Risks and uncertainties

In addition to the risks around Covid-19, which have been a major factor for past 2 years, there is now considerable uncertainty over the future course, and global impact, of Russia's invasion of Ukraine. Our investment portfolio, while concentrated mainly in the technology and healthcare sectors, remains diversified in terms of both sub-sector and stage of maturity and, importantly, we believe to be appropriately valued. While we would expect these valuations to be robust within the tolerance of normal market fluctuations, the potential, though unknown, scale of any further adverse events arising out of the Ukraine invasion remain a major risk factor.

A detailed analysis of the other risks and uncertainties facing the business is shown in the Strategic report on pages 16 to 18.

### Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. The Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest.

It is the Board's intention for such buy-backs to be in the region of a 5% discount to net asset value, so far as market conditions and liquidity permit. Details of shares bought back during the year can be found in note 14.

### Board continuity

In light of the Board's ongoing succession planning, Martin Fiennes who has been a Director of the Company for over 10 years, will be stepping down at the Annual General Meeting on 9 June 2022. I would like to take this opportunity to thank him for his excellent and dedicated contribution and many years of wise counsel and service.

“ a total return of 3.72 pence per share and a 16.3% shareholder return for the year ended 31 December 2021 ”



“ a number of successful exits which generated proceeds of £27.0 million ”

I am pleased to welcome John Chiplin and Swarupa Pathakji who were appointed as Directors of the Company on 1 November 2021. John has extensive experience and expertise in the life sciences and technology sectors from both an operational and investment perspective. He joins the Board at a time when increasing numbers of technology and healthcare investment opportunities are being considered and so his experience in these areas will be invaluable. Swarupa has extensive experience across the financial sector, with an in-depth understanding of investment in growth companies, experience in exits and valuations. She is a qualified chartered accountant, and her extensive knowledge and skill set will be a real asset to the Board.

### **Albion VCTs Prospectus Top Up Offers**

Your Board, in conjunction with the boards of five of the other VCTs managed by Albion Capital Group LLP, launched a prospectus Top Up Offer of new Ordinary shares on 6 January 2022. The Board announced on 9 February 2022 that, following strong demand, it had reached its £8 million limit under its Offer for subscription and it was closed to further applications. Following the Board's assessment of future liquidity within the portfolio it did not elect to use its over-allotment facility under the Offer.

The proceeds are being used to provide support to our existing portfolio companies and to enable us to take advantage of new investment opportunities. The first allotment of the shares under the Offer was on 25 February 2022. Details of share allotments made during and after the financial year end can be found in notes 14 and 18 respectively.

### **Annual General Meeting ("AGM")**

Based on the success of last year's live webcast AGM, the Board has decided to adopt a virtual format for the AGM again this year. The AGM will be held at noon on 9 June 2022 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website [www.albion.capital/vct-hub/agms-events](http://www.albion.capital/vct-hub/agms-events).

The Board welcome questions from shareholders at the AGM and shareholders will be able to ask questions using the Lumi platform during the AGM. Alternatively, shareholders can email their questions to [KAYchair@albion.capital](mailto:KAYchair@albion.capital) prior to the Meeting.

Further details on the format and business to be conducted at the AGM can be found in the Directors' report on pages 37 and 38 and in the Notice of the Meeting on pages 74 to 77.

### **Outlook and prospects**

Whilst there are uncertainties as to the full extent of the ongoing economic and societal impact of the Covid-19 pandemic as well as the Russian invasion of Ukraine, the positive results for the year just ended demonstrate the resilience of our portfolio during what were challenging times. The pipeline of new and follow on investments continues to remain strong and the investment focus on growth and technology businesses provides the opportunity to continue to generate shareholder value over the medium to long term. The Board is however mindful of the fact that the global political landscape has now materially shifted and the potential long term economic consequences are, as yet, hard to gauge.

### **Fiona Wollocombe**

Chairman

24 March 2022

# Strategic report

## Investment policy

The Company is a Venture Capital Trust and the investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value.

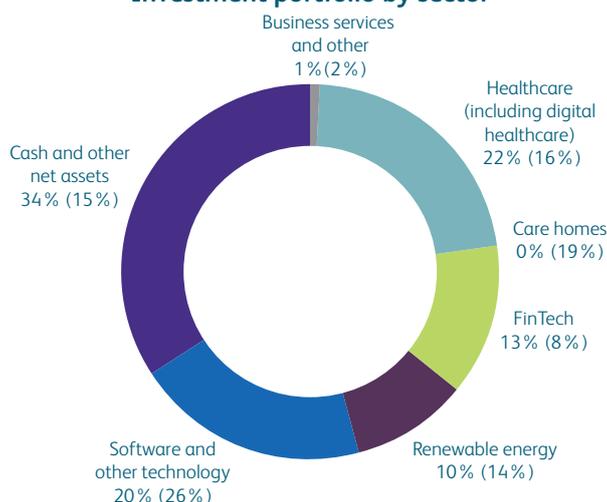
The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

The full investment policy can be found on page 3.

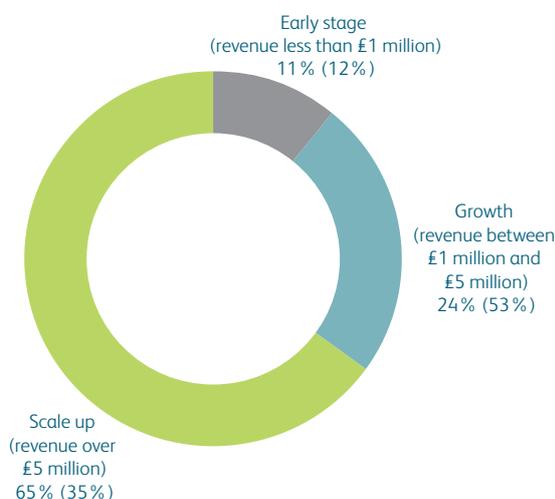
## Current portfolio sector allocation

The following pie charts show the split of the portfolio valuation as at 31 December 2021 by: sector; stage of investment; and number of employees. This is a useful way of assessing how the Company and its portfolio is diversified across sector, portfolio companies' maturity measured by revenues and their size measured by the number of people employed. As the Company continues to invest in software and other technology companies, FinTech (which is technology specifically applicable to financial services companies) becomes a more prominent investment, and therefore is included as a subsector below. Details of the principal investments made by the Company are shown in the Portfolio of investments on pages 25 and 26.

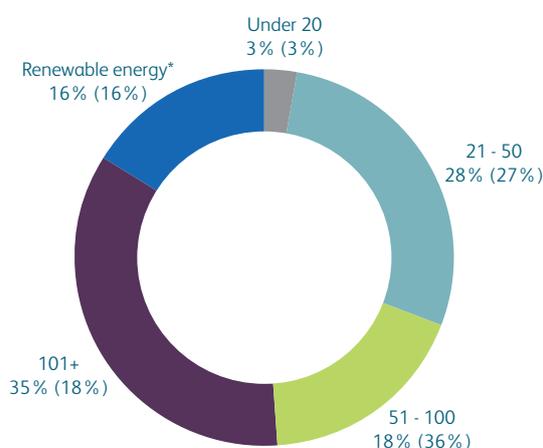
### Investment portfolio by sector



### Portfolio analysis by stage of investment



### Portfolio analysis by number of employees



\*Renewable energy companies have no employees.  
Comparatives for 31 December 2020 are in brackets

## Direction of portfolio

The analysis of the Company's investment portfolio shows that it is well diversified and evenly spread across the FinTech, healthcare (including digital healthcare), software and technology and renewable energy sectors. Due to the share allotments under the 2020/21 Prospectus Top Up Offer, and the number of exits during the year, in particular the sale of the Company's care homes, cash is a significant proportion of the portfolio at 34%. These funds will be invested predominantly into higher growth technology companies, and therefore the shift away from asset based companies will continue.

### Results and dividends

	£'000
Net capital return for the year ended 31 December 2021	15,545
Net revenue return for the year ended 31 December 2021	470
<b>Total return for the year ended 31 December 2021</b>	<b>16,015</b>
First interim dividend of 0.60 pence per share paid on 30 April 2021	(2,656)
Second interim dividend of 0.60 pence per share paid on 29 October 2021	(2,641)
Special dividend of 1.14 pence per share paid on 29 October 2021	(5,017)
<b>Transferred to reserves</b>	<b>5,701</b>
Net assets as at 31 December 2021	101,831
<b>Net asset value per share as at 31 December 2021 (pence)</b>	<b>23.05p</b>

The Company paid dividends of 2.34 pence per share during the year ended 31 December 2021 (2020: 1.11 pence per share). This included a special dividend of 1.14 pence per share paid to shareholders on 29 October 2021. The Board has a variable dividend policy which targets an annual dividend yield of around 5% on the prevailing net asset value. As a result the Board has declared a first interim dividend of 0.58 pence per share (2021: 0.60 pence per share) for the year ending 31 December 2022, which will be paid on 29 April 2022 to shareholders on the register on 8 April 2022.

As shown in the Income statement on page 55, investment income has decreased to £1,106,000 (2020: £1,922,000) due to loan stock income decreasing to £1,061,000 (2020: £1,678,000). The capital gain of £15,545,000 for the year (2020: £2,201,000) was primarily due to the uplifts in the valuations of Quantexa, Proveca, and Oviva, offset by the portion of investment management fee charged to capital and the decrease in valuation of Avora and Xperiome.

The total return for the year was £16,015,000 (2020: £3,384,000), equating to a return of 3.72 pence per share (2020: 0.91 pence per share).

The Balance sheet on page 56 shows that the net asset value has increased over the last year to 23.05 pence per share (2020: 21.84 pence per share).

There has been a net cash inflow of £22,579,000 for the year (2020: £1,399,000), mainly resulting from the number of exits during the year and the issue of Ordinary shares under the Albion VCTs Top Up Offers 2020/21. Cash inflow has been utilised by investments into new and existing portfolio companies, dividends paid, operating activities and the buy-back of shares.

Cash and cash equivalents at the year-end increased to £33.8 million (2020: £11.3 million), representing 33% of net asset value.

Trade and other payables at the year end amounted to £1,679,000 (2020: £502,000). This increase was primarily due to the management performance incentive fee which became payable as a result of the Company's strong return for the year. Further details on this can be found on page 13.

## Review of business and future changes

A review of the Company's business during the year is set out in the Chairman's statement on pages 6 and 7.

There is a continuing focus on growing the healthcare (including digital healthcare), FinTech and software and other technology sectors. The majority of these investment returns are delivered through equity and capital gains and therefore, coupled with the sale of our three care homes, we expect our investment income to significantly reduce in future years.

Details of significant events which have occurred since the end of the financial year are listed in note 18. Details of transactions with the Manager are shown in note 4.

## Future prospects

The Company's financial results for the year demonstrates that the portfolio remains well balanced across sectors and risk classes, and has largely weathered the pandemic so far. Although there remains much uncertainty, the Manager has a strong pipeline of investment opportunities in which the Company's cash can be deployed. The Board considers that the current portfolio and the pipeline of opportunities should enable the Company to maintain a predictable stream of dividend payments to shareholders, and ultimately continue to deliver long term growth. Further details on the Company's outlook and prospects can be found in the Chairman's statement on page 8.

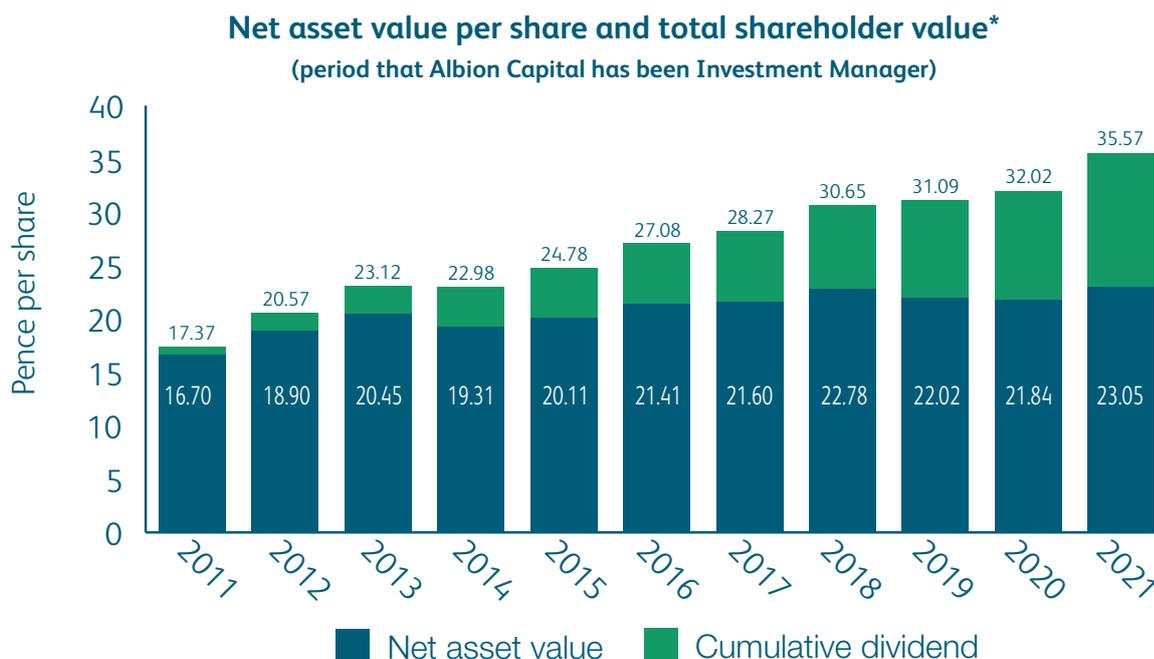
## Key Performance Indicators ("KPIs") and Alternative Performance Measures ("APMs")

The Directors believe that the following KPIs and APMs, which are typical for Venture Capital Trusts, used in their own assessment of the Company, will provide shareholders with sufficient information to assess how effectively the Company is applying its investment policy to meet its objectives. The Directors are satisfied that the results shown in the following KPIs and APMs give a good indication that the Company is achieving its investment objective and policy. These are:

## 1. Total shareholder value relative to FTSE All-Share Index total return

The graph on page 4 shows the Company's total shareholder value relative to the FTSE All-Share Index total return, with dividends reinvested. The FTSE All-Share index is considered a reasonable benchmark as the Company is classed as a generalist UK VCT investor, and this index includes over 600 companies listed in the UK, including small-cap, covering a range of sectors. Details on the performance of the net asset value and return per share for the year are shown in the Chairman's statement.

## 2. Net asset value per share and total shareholder value



\*Total shareholder value is net asset value plus cumulative dividends paid since 1 January 2011. The net asset value when Albion Capital took over as Manager was 16.60p, which gives a total shareholder return of 18.97p to 31 December 2021.

Total shareholder value since inception increased by 3.55 pence per share (16.3% on opening NAV) to 94.23 pence per share for the year ended 31 December 2021.

## 3. Movement in shareholder value in the year†

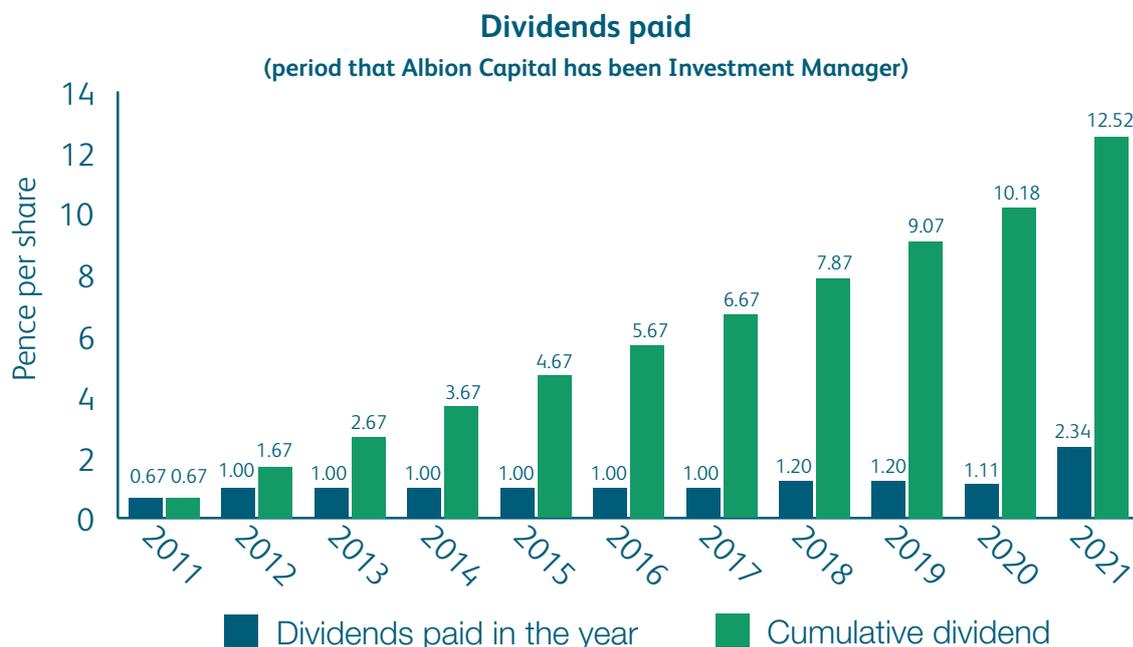
The graph on page 5 shows the Company's total shareholder return over the previous ten years, five years, three years and the past year, and the annual returns for the same period are detailed out below.

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
19.2%	13.5%	(0.7%)	9.3%	11.4%	5.6%	11.0%	1.9%	4.2%	16.3%

†Methodology: Calculated as the movement in total shareholder value for the year divided by the opening net asset value.

The table above shows that total shareholder value has continued to increase over the last 10 years, with an average return of 10.9% per annum.

## 4. Dividend distributions



Dividends paid in respect of the year ended 31 December 2021 were 2.34 pence per share (2020: 1.11 pence per share).

The cumulative dividend paid since inception is 71.18 pence per share.

## 5. Ongoing charges

The ongoing charges ratio for the year to 31 December 2021 was 2.4% (2020: 2.4%). The ongoing charges ratio has been calculated using The Association of Investment Companies (“AIC”) recommended methodology. This figure shows shareholders the total recurring annual running expenses (including investment management fees charged to capital reserve) as a percentage of the average net assets attributable to shareholders. The Directors expect the ongoing charges ratio for the year ahead to be approximately 2.4%.

## 6. VCT compliance\*

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, details of which are provided in the Directors’ report on pages 35 and 36.

The relevant tests to measure compliance have been carried out and independently reviewed for the year ended 31 December 2021. These showed that the Company has complied with all tests and continues to do so.

\*VCT compliance is not a numerical measure of performance and thus cannot be defined as an APM.

## Gearing

As defined by the Articles of Association, the Company’s maximum exposure in relation to gearing is restricted to its adjusted share capital and reserves. The Directors do not currently have any intention to utilise gearing for the Company.

## Operational arrangements

The Company has delegated the investment management of the portfolio to Albion Capital Group LLP, which is authorised and regulated by the Financial Conduct Authority. Albion Capital Group LLP also provides company secretarial and other accounting and administrative support to the Company.

## Management agreement

Under the Investment Management Agreement, Albion Capital Group LLP provides investment management, company secretarial and administrative services to the Company. Albion Capital Group LLP is entitled to an annual management fee of 2% of net asset value of the Company, payable quarterly in arrears, along with an annual administration fee of £50,000.

The aggregate payable for management and administration (normal running costs) are subject to an aggregate annual cap of 3% of the year end closing net asset value, for accounting periods commencing after 31 December 2011.

The Investment Management Agreement can be terminated by either party on 12 months' notice and is subject to earlier termination in the event of certain breaches or on the insolvency of either party.

The Manager is also entitled to an arrangement fee on investment, payable by each portfolio company, of approximately 2% of each investment made and monitoring fees where the Manager has a representative on the portfolio company's board. Further details of the Manager's fee can be found in note 4.

### Performance incentive fee

As an incentive to maximise the return to investors, the Manager is entitled to charge an incentive fee in the event that the returns exceed minimum target levels.

The performance hurdle is equal to the greater of the Starting NAV of 20 pence per share, increased by the increase in RPI plus 2% per annum from the Start Date of 1 January 2014 (calculated on a simple and not compound basis) and the highest Total Return for any earlier period after the Start Date (the 'high watermark'). An annual fee (in respect of each Share in issue carrying voting rights on the last day of the Financial Period) of an amount equal to 15% of any excess of the Total Return (this being NAV per share plus dividends paid after the Start Date) as at the end of the relevant accounting period over the performance hurdle will be due to the Manager.

For the year ended 31 December 2021, the total return of the Company since 1 January 2014 (the performance incentive fee start date) was 32.90 pence per share, compared to a performance hurdle rate of 31.37 pence per share, resulting in an excess of 1.54 pence per share. As a result, a performance incentive fee is payable to the Manager of £1,017,000 (2020: £nil).

### Evaluation of the Manager

The Board has evaluated the performance of the Manager based on:

- the returns generated by the Company;
- the continuing achievement of the 80% qualifying holdings investment requirement for VCT status;
- the long term prospects of the current portfolio of investments;
- the management of treasury, including use of buy-backs and participation in fund raising;
- a review of the Management agreement and the services provided therein; and
- benchmarking the performance of the Manager to other service providers including the performance of other VCTs that the Manager is responsible for managing.

The Board believes that it is in the interests of shareholders as a whole, and of the Company, to continue the appointment of the Manager for the forthcoming year.

### Alternative Investment Fund Managers Directive ("AIFMD")

The Board appointed Albion Capital Group LLP as the Company's AIFM in 2014 as required by the AIFMD. The Manager is a full-scope Alternative Investment Fund Manager under the AIFMD. Ocorian Depository (UK) Limited is the appointed Depository and oversees the custody and cash arrangements and provides other AIFMD duties with respect to the Company.

### Companies Act 2006 Section 172 Reporting

Under Section 172 of the Companies Act 2006, the Board has a duty to promote the success of the Company for the benefit of its members as a whole in both the long and short term, having regard to the interests of other stakeholders in the Company, such as suppliers, and to do so with an understanding of the impact on the community and environment and with high standards of business conduct, which includes acting fairly between members of the Company.

The Board is very conscious of these wider responsibilities in the ways it promotes the Company's culture and ensures, as part of its regular oversight, that the integrity of the Company's affairs is foremost in the way the activities are managed and promoted. This includes regular engagement with the wider stakeholders of the Company and being alert to issues that might damage the Company's standing in the way that it operates. The Board works very closely with the Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The Company is an externally managed investment company with no employees, and as such has nothing to report in relation to employee engagement but does keep close attention to how the Board operates as a cohesive and competent unit. The Company also has no customers in the traditional sense and, therefore, there is also nothing to report in relation to relationships with customers.

The table below sets out the stakeholders the Board considers most relevant, details how the Board has engaged with these key stakeholders and the effect of these considerations on the Company's decisions and strategies during the year.

Stakeholder	Engagement with Stakeholder	Outcomes and decisions based on engagement
Shareholders	<p>The key methods of engaging with Shareholders are as follows:</p> <ul style="list-style-type: none"> <li>• Annual General Meeting ("AGM")</li> <li>• Shareholder seminar</li> <li>• Annual report and Financial Statements, Half-yearly financial report, and Interim management statements</li> <li>• RNS announcements for all key decisions including appointment of a new Director, and the publication of a Prospectus</li> <li>• Website redesigned in the year to make it more user accessible</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' views are important and the Board encourages Shareholders to exercise their right to vote on the resolutions at the AGM. The Company's AGM is typically used as an opportunity to communicate with investors, including through a presentation made by the investment management team. In light of the Covid-19 pandemic, the Board took the decision to update the Company's Articles of Association to allow for virtual/hybrid meetings. The 2021 AGM was live streamed for Shareholders and the Board was able to take questions from Shareholders at the AGM enabling maximum shareholder engagement in the absence of a face-to-face event. The Board has decided that this year's AGM will again be held as a virtual event to facilitate shareholder participation.</li> <li>• Shareholders are also encouraged to attend the annual Shareholders' Seminar. This year's event took place on 12 November 2021. The seminar included Quantexa and Healius sharing insights into their businesses and also presentations from Albion executives on some of the key factors affecting the investment outlook, as well as a review of the past year and the plans for the year ahead. Representatives of the Board attend the seminar. The Board considers this an important interactive event, and expects to continue to run this in 2022.</li> <li>• The Board recognises the importance to Shareholders of maintaining a share buy-back policy, in order to provide market liquidity, and considered this when establishing the current policy. The Board closely monitors the discount to the net asset value to ensure this is in the region of 5%.</li> <li>• The Board seeks to create value for Shareholders by generating strong and sustainable returns to provide shareholders with regular dividends and the prospect of capital growth. The Board takes this into consideration when making the decision to pay dividends to Shareholders. The variable dividend policy has been enacted, and has resulted in a dividend yield of 5.5% on opening net asset value. In addition to the regular dividend policy, a special dividend of 1.14 pence per share was paid on 29 October 2021. A total of 2.34 pence of dividends were paid during the year, which was 10.7% of the opening net asset value.</li> <li>• During the year, the decision to publish a Prospectus was taken, in order to raise more funds for deployment into new and existing portfolio companies. The Board carefully considered whether further funds were required, whether the VCT tests would continue to be met, and whether it would be in the interest of Shareholders, before agreeing to publish the Prospectus. On allotment, the decision was made to use different issue prices to ensure there was no dilution to existing Shareholders.</li> <li>• Cash management and liquidity of the Company are key quarterly discussions amongst the Board, with focus on deployment of cash for future investments, dividends and share buy-backs.</li> <li>• The Board decided to hold a General Meeting on 25 November 2021 to propose a special resolution to increase the Company's distributable reserves by way of a reduction of share premium account and capital redemption reserve. This resolution was approved with 99.3% of Shareholders voting in favour of the resolution. Further details on this can be found on page 37.</li> </ul>

Stakeholder	Engagement with Stakeholder	Outcomes and decisions based on engagement
Suppliers	<p>The key suppliers with regular engagement from the Manager are:</p> <ul style="list-style-type: none"> <li>• Corporate broker</li> <li>• VCT taxation adviser</li> <li>• Depositary</li> <li>• Registrar</li> <li>• Auditor</li> <li>• Lawyer</li> </ul>	<ul style="list-style-type: none"> <li>• The Manager is in regular contact with the suppliers and the contractual arrangements with all the principal suppliers to the Company are reviewed regularly and formally once a year, alongside the performance of the suppliers in acquitting their responsibilities.</li> <li>• The Board reviews the performance of the providers annually in line with the Manager, and was satisfied with their performance.</li> </ul>
Manager	<p>The performance of Albion Capital Group LLP is essential to the long term success of the Company, including achieving the investment policy and generating returns to shareholders, as well as the impact the Company has on Environment, Social and Governance practice.</p>	<ul style="list-style-type: none"> <li>• The Manager meets with the Board at least quarterly to discuss the performance of the Company, and is in regular contact in between these meetings, e.g. to share investment papers for new and follow-on investments. All strategic decisions are discussed in detail and minuted, with an open dialogue between the Board and the Manager.</li> <li>• The performance of the Manager in managing the portfolio and in providing company secretarial, administration and accounting services is reviewed in detail each year, which includes reviewing comparator engagement terms and portfolio performance. Further details on the evaluation of the Manager, and the decision to continue the appointment of the Manager for the forthcoming year, can be found in this report.</li> <li>• Details of the Manager's responsibilities can be found in the Statement of corporate governance on page 41.</li> <li>• During the year, the Board has reviewed the current Management Agreement, and a new agreement was signed which updated the agreement for new regulatory requirements, such as GDPR and AIFMD, but did not change any commercial terms with the Manager.</li> </ul>
Portfolio companies	<p>The portfolio companies are considered key stakeholders, not least because they are principal drivers of value for the Company. However, as discussed in the Environmental, Social and Governance ("ESG") report on pages 19 to 21, the portfolio companies' impact on their stakeholders is also important to the Company.</p>	<ul style="list-style-type: none"> <li>• The Board aims to have a diversified portfolio in terms of sector and stage of investment. Further details of this can be found in the pie charts on page 9.</li> <li>• In most cases, an Albion executive has a place on the board of a portfolio company, in order to help with both business operation decisions, as well as good ESG practices.</li> <li>• The Manager ensures good dialogue with portfolio companies, and often puts on events in order to help portfolio companies benefit from the Albion network.</li> </ul>
Community and environment	<p>The Company, with no employees, has no effect itself on the community and environment. However, as discussed above, the portfolio companies' ESG impact is extremely important to the Board.</p>	<ul style="list-style-type: none"> <li>• The Board receives reports on ESG factors within its portfolio from the Manager as it is a signatory of the United Nations Principles for Responsible Investment ("UN PRI"). Further details of this are set out in the ESG report below. ESG, without its specific definition, has always been at the heart of the responsible investing that the Company engages in and in how the Company conducts itself with all of its stakeholders.</li> </ul>

## Environmental, Social, and Governance ("ESG") report

The Board and the Company's Manager, Albion Capital Group LLP, take ESG very seriously and more detail can be found on this in the ESG report on pages 19 to 21.

## Social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Companies Act 2006 (the "Act") to detail information about social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness of these policies. As an externally managed investment company with no employees, the Company has no formal policies in these matters, however, it is at the core of its responsible investment strategy as detailed above.

## General Data Protection Regulation

The General Data Protection Regulation has the objective of unifying data privacy requirements across the European Union, and continues to apply in the United Kingdom after Brexit. The Manager continues to take action to ensure that the Manager and the Company are compliant with the regulation.

## Further policies

The Company has adopted a number of further policies relating to:

- Environment
- Global greenhouse gas emissions
- Anti-bribery
- Anti-facilitation of tax evasion
- Diversity

and these are set out in the Directors' report on page 36.

## Risk management

The Board carries out a regular review of the risk environment in which the Company operates, together with changes to the environment and individual risks. The Board also identifies emerging risks which might impact on the Company. In the period the most noticeable risk has been the global pandemic which has impacted not only public health and mobility but also has had an adverse impact on the economy, the full impact of which is likely to be uncertain for some time.

The Board has carried out a robust assessment of the Company's principal risks and uncertainties and seeks to mitigate these risks through regular reviews of performance and monitoring progress and compliance. The Board applies the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, in the mitigation and management of these risks. More information on specific mitigation measures for the principal risks and uncertainties are explained below:

Risk	Possible consequence	Risk assessment during the year	Risk management
Investment, performance and valuation risk	<p>Investment in smaller unquoted growth businesses carries a higher degree of risk and is more volatile than investing in larger, long-established businesses. This could negatively impact shareholder returns.</p> <p>The Company relies on the judgement and reputation of the Manager to provide strong investment returns and valuations for shareholders.</p> <p>The Company's investment valuation methodology is based on fair value, which for smaller unquoted growth businesses can be difficult to determine due to the lack of observable market data and the limitation of external reference points.</p>	No change.	<p>The Board places reliance upon the skills and expertise of the Manager and its track record of making successful investments in higher growth technology businesses. The Manager operates a structured investment appraisal and due diligence process. This includes a review from one external investment professional and comments from non-executive Directors of the Company on matters discussed at the Investment Committee meetings.</p> <p>Investments are monitored by the Manager, through monthly portfolio updates and typically an investment manager sitting on portfolio company boards. The Board receives detailed reports on each investment and their valuation as part of their quarterly board meetings.</p> <p>Review and oversight of the non-executive Directors ensures that the risk to the Company's and Manager's reputation is kept to a minimum.</p> <p>Investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which represent current best practice for investment valuation and are reviewed by the Manager's Valuation Committee.</p>
VCT approval and regulatory change risk	Any breach of section 274 of the Income Tax Act 2007, including any legislative changes, could result in the loss of the Company's HMRC qualifying status and tax reliefs for investors.	No change.	The Company's VCT qualifying status is monitored monthly by the Manager and quarterly by the Board. The Board has appointed Philip Hare & Associates LLP as its taxation adviser, who independently confirms compliance, highlights areas of risk and informs on any legislative changes, including those which may arise from the withdrawal from the European Union.

Risk	Possible consequence	Risk assessment during the year	Risk management
Regulatory and compliance risk	The Company is listed on The London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Act or from financial reporting oversight bodies.	No change.	<p>The Board and the Manager receive regular updates on new regulation, including legislation on the management of the Company, from its auditor, lawyers and other professional bodies. The Company is subject to compliance checks through the Manager's compliance officer, and any issues arising from compliance or regulation are reported to its own board on a monthly basis. The Board ensures the Company is compliant as part of its quarterly Board meetings.</p> <p>The Board reviews the quarterly reports prepared by Ocorian Depositary (UK) Limited (the Company's Depositary) to ensure the Manager is adhering to the AIFMD requirements.</p>
Operational and internal control risk (including cyber and data security)	The Company relies on a number of third parties, in particular the Manager, for the provision of investment management and administrative functions. Failures in key IT systems and controls within the Manager's business could place assets of the Company at risk, resulting in inaccurate information being passed to the Board or shareholders. This could additionally result in losses for the Company and its shareholders.	No change.	<p>The Company's operations and IT systems are subject to rigorous internal controls which are reviewed on a regular basis and reported to the Board.</p> <p>The Audit Committee reviews the Internal Audit Reports prepared by the Manager's internal auditors, Azets and has access to their internal audit partner to whom it can ask specific detailed questions in order to satisfy itself that the Manager has strong systems and controls in place including those in relation to risk management, business continuity and cyber security.</p> <p>The Board reviews the systems and processes (including cyber and data security) in place for the Company's key suppliers to ensure that there is an appropriate risk mitigation in place.</p>
Economic and political risk	Events such as the Covid-19 pandemic, the impact of Brexit, an economic recession, fluctuation in inflation and interest rates, or significant political events could adversely affect the companies within the portfolio and consequently the Company's net asset value.	Increased (due to ongoing Covid-19 uncertainty and the geopolitical risks from the invasion of Ukraine).	<p>The Company invests in a diversified all-weather portfolio of c.60 companies, predominantly in the United Kingdom, and has a policy of minimising any external bank borrowings within portfolio companies.</p> <p>Exogenous risks over which the Company has no control are always a risk and the Company does what it can to address these risks. The inherent long-term nature of the portfolio helps to mitigate these exogeneous risks.</p> <p>The Board and Manager are continuously assessing the resilience of the portfolio as a result of the ongoing economic and political risks, to ascertain where support is required. The Company has sufficient cash resources to cope with any such exigent and unexpected pressures. Exposure is relatively small to at-risk sectors that include leisure, hospitality, retail and travel (1% of NAV).</p> <p>The Company's investment policy and the Board's scrutiny of the investment portfolio ensures that this increased risk continues to be mitigated where possible.</p>

Risk	Possible consequence	Risk assessment during the year	Risk management
Liquidity risk	<p>The Company may not have sufficient cash available to meet its financial obligations.</p> <p>The Company's portfolio is primarily in smaller unquoted companies, which are inherently illiquid as there is no readily available market, and thus it may be difficult to realise their fair value at short notice.</p>	No change.	<p>The Board reviews the Company's three year cash flow forecasts on a quarterly basis. These include potential investment realisations (which are closely monitored by the Manager), Top Up Offers, dividend payments and operational expenditure. This ensures that there are sufficient cash resources available for the Company's liabilities as they fall due.</p>
Environmental, social and governance ("ESG") risk	<p>An insufficient ESG policy could lead to an increased negative impact on the environment, including the Company's carbon footprint.</p> <p>Non-compliance with reporting requirements could lead to a fall in demand from investors, reputational damage and penalties.</p>	<p>Increased (due to the new guidance issued on climate change reporting and increased importance to stakeholders).</p>	<p>The Manager is a signatory of the UN PRI and the Board is kept apprised of the evolving ESG policies at quarterly Board meetings.</p> <p>Full details of the specific procedures and risk mitigation can be found in the ESG report on pages 19 to 21.</p> <p>These procedures ensure that this increased risk continues to be mitigated where possible.</p>

## Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2018 and provision 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over three years to 31 December 2024. The Directors believe that three years is a reasonable period in which they can assess the ability of the Company to continue to operate and meet its liabilities as they fall due. This is the period used by the Board as part of its strategic planning process, which includes: the estimated timelines for finding, assessing and completing investments; the potential impact of any new regulations; and the availability of cash.

The Board has carried out a robust assessment of the principal and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency or liquidity, and focused on the major factors which affect the economic, regulatory and political environment. The Board carefully assessed, and were satisfied with, the risk management processes in place to avoid or reduce the impact of these risks. The Board has carried out robust stress testing of cashflows which included; assessing the resilience of portfolio companies, including the requirement for any future financial support.

The Board has additionally considered the ability of the Company to comply with the ongoing conditions to ensure it maintains its VCT qualifying status under its current investment policy. As a result of the Board's quarterly valuation reviews, it has concluded that the portfolio is well balanced and geared towards delivering long term growth and strong returns to shareholders.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2024. The Board is mindful of the ongoing risks and will continue to ensure that appropriate safeguards are in place, in addition to monitoring the quarterly cashflow forecasts to ensure the Company has sufficient liquidity.

This Strategic report of the Company for the year ended 31 December 2021 has been prepared in accordance with the requirements of section 414A of the Companies Act 2006 (the "Act"). The purpose of this report is to provide Shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Company in accordance with Section 172 of the Act.

For and on behalf of the Board

**Fiona Wollocombe**

Chairman

24 March 2022

# Environmental, Social, and Governance (“ESG”) report

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The Company’s Manager, Albion Capital Group LLP, takes the concept of sustainable and responsible investment seriously for existing investments and in reviewing new investment opportunities. In turn, the Board is kept apprised of ESG issues in connection with both the portfolio and in how Company affairs are conducted more generally as a regular part of Board oversight.

Albion Capital Group LLP is a signatory of the United Nations Principles for Responsible Investment (“UN PRI”). The UN PRI is the world’s leading proponent of responsible investment, working to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The Board and Albion Capital Group LLP recognise that applying the following six Principles for Responsible Investment better aligns investors with broader objectives of society:

**Principle 1:** to incorporate ESG issues into investment analysis and decision-making processes.

**Principle 2:** to be active owners and incorporate ESG issues into our ownership policies and practices.

**Principle 3:** to seek appropriate disclosure on ESG issues by the entities in which we invest.

**Principle 4:** to promote acceptance and implementation of the Principles within the investment industry.

**Principle 5:** to work together to enhance our effectiveness in implementing the Principles.

**Principle 6:** to report on our activities and progress towards implementing the Principles.

The Board and Albion Capital Group LLP have exercised conscious principles in making responsible investments throughout the life of the Company, not least in providing finance for promising companies in a variety of important sectors such as technology, healthcare and renewable energy. In making the investments, the Manager is directly involved in the oversight and governance of these investments, including ensuring standards of reporting and visibility on business practices, all of which are reported to the Board of the Company. By its nature, not least in making qualifying investments which fulfil the criteria set by HMRC, the Company has focused on sustainable and longer-term investment propositions, some of which will grow and serve important societal demands. One of the most important drivers of performance is the quality of the investment portfolio, which goes beyond the individual valuations and examines the prospects of each of the portfolio companies, as well as the sectors in which they operate – all requiring a longer-term view.

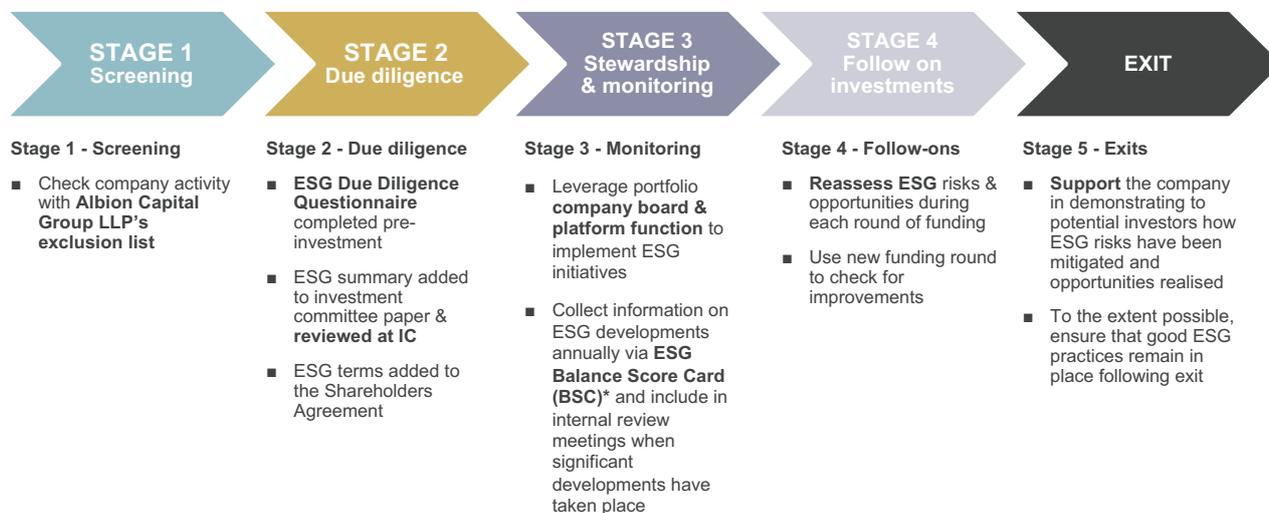
In the nature of venture capital investment, Albion Capital Group LLP is more intimately involved in the affairs of portfolio companies than might be the case for funds invested in listed securities. As such, Albion Capital Group LLP is in a position to influence good governance and behaviour in the portfolio companies, many of which are relatively small companies without the support of a larger company’s administration and advisory infrastructure. The Company adheres to the principles of the AIC Code of Corporate Governance and is also aware of other governance and corporate conduct guidance which it meets as far as practical, including in the constitution of a diversified and independent Board capable of providing constructive challenge.

Albion Capital Group LLP incorporates ESG considerations into its investment process. These form part of its process to create value for investors and develop sustainable long-term strategies for portfolio companies. Albion Capital Group LLP reports ESG criteria to the UN PRI regularly and to the Board quarterly. The Manager is a member of VentureESG steering committee, a global network of fund managers that drives application of ESG principles for early stage technology investors and companies.

ESG principles are integrated at the pre-investment, investment and exit stages. This is reflected in transparency of reporting, governance principles adopted by the Company and the portfolio companies, and increasingly in the positive environmental or socially impactful nature of investments made. Albion Capital Group LLP, where relevant, considers climate-specific issues in its investment policies and activities.

# Environmental, Social, and Governance (“ESG”) report continued

Albion Capital Group LLP has long held the belief that returns are optimised by investing in sustainable businesses with positive societal and environmental outcomes, which forms an important aspect of the investment process:



\* The ESG BSC contains sustainability metrics against which a portfolio company is assessed in order to determine sustainability risks and opportunities, and track progress over time. As a minority investor in early stage technology companies, Albion Capital Group LLP has not set ESG KPIs for its portfolio companies. Albion Capital Group LLP's role is to guide portfolio company leadership and share best practice methods across the venture capital industry.

## Pre-investment stage

An exclusion list is used to rule out investments in unsustainable areas, or in areas which might be perceived as socially detrimental. ESG due diligence is performed on each potential investee company to identify any sustainability risks associated with the investment. Identified sustainability risks are ranked from low to high and are reported to the relevant investment committee. The investment committee considers each potential investment. If sustainability risks are identified, mitigations are assessed and, if necessary, mitigation plans are put in place. If this is not deemed sufficient, the committee would consider the appropriate level and structure of funding to balance the associated risks. If this is not possible, investment committee approval will not be provided, and the investment will not proceed.

The Manager's standard copy of the investment deal documents includes a sustainability clause that reinforces individual company's commitment to driving principles of ESG as it scales.

## Investment stage

An ESG clause is integrated into the shareholders agreement for all new investments. The clause outlines the portfolio company's commitment to combine economic success with ecological and social success.

All new and existing portfolio companies are asked to report against an ESG Balanced Score Card annually. The ESG Balanced Score Card contains a number of sustainability factors against which a portfolio company is assessed in order to determine the potential sustainability risks and opportunities arising from the investment. The score cards form part of the Manager's internal review meetings alongside discussions around other risk factors, and any outstanding issues are addressed in collaboration with the portfolio companies' senior management.

## Exit stage

Albion Capital Group LLP aims to ensure that good ESG practices remain in place following exit. For example, by ensuring that the portfolio company creates a self-sustaining ESG management system during our period of ownership, wherever feasible.

# Environmental, Social, and Governance (“ESG”) report continued

## The Manager’s ESG initiatives

Albion Capital Group LLP incorporates ESG for its internal operations, a breakdown of its ESG considerations are as follows:

**Environmental** - Albion Capital Group LLP is committed to ensuring that the **environmental impacts of its business operations are positive** and as far as possible, any negative impact is mitigated.

**Social** - Albion Capital Group LLP **aims to conduct its business in a socially responsible manner**, to contribute to the communities in which it operates and to **respect the needs of its employees and all of its stakeholders**.

**Governance** - Albion Capital Group LLP seeks to conduct all of its business activities in **an honest, ethical and socially responsible manner** and these values underpin its business model and strategy.

Overview of Albion Capital Group LLP’s ESG activity in 2021:

Environmental	Social	Governance
<ul style="list-style-type: none"><li>■ Monitoring carbon footprint</li><li>■ Net Zero carbon emissions strategy designed</li><li>■ Biochar carbon removal offsets purchased</li><li>■ Supporting local environmental action</li></ul>	<ul style="list-style-type: none"><li>■ Unconscious Bias training for leadership team</li><li>■ Future VC, a paid internship offered</li><li>■ FairHQ, working with expert consultancy to establish diverse and inclusive practices</li><li>■ Women in Leadership Series, video interview with women founders &amp; CEOs across the portfolio</li></ul>	<ul style="list-style-type: none"><li>■ Updated ESG for investment process</li><li>■ Regular ESG updates for VCT boards</li><li>■ Actively promoting ESG within the industry</li></ul>

# The Board of Directors

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This year, particular attention has been given to changes on the Board. Following the retirement of Robin Field at the Annual General Meeting on 10 June 2021, Fiona Wollocombe became Chairman of the Company. As part of the Board's succession planning, both John Chiplin and Swarupa Pathakji were appointed as Directors on 1 November 2021 and Martin Fiennes will retire at the Annual General Meeting on 9 June 2022.

The following are the Directors of the Company, all of whom operate in a non-executive capacity.

**Fiona Wollocombe (Chairman)**, appointed 1 May 2019, appointed Chairman 10 June 2021,

has been a non-executive director for a number of companies in the VCT sector including being chairman of Artemis VCT plc and a director of Maven Income and Growth VCT PLC. She is a director of Amati AIM VCT plc and also chairs the Trustees of the Scottish Ballet Endowment Fund. Her previous career was in equity capital markets at NatWest Markets/Deutsche Bank.

**Thomas Chambers (Chairman of the Audit Committee)**, appointed 3 October 2011,

has had a range of industry and venture capital roles giving insight into, in particular, the technology and communications sectors. He is currently chairman of Propel London (recruitment), a non-executive director of Compare the Market Limited, a trustee of UCAS (Universities and Colleges Admissions Service) and an adviser to a number of private companies. Until February 2018 he was chairman of First Utility. Previously, he played a significant role in the creation of the first Smartphones as CFO and Head of Software Engineering at mobile operating system provider Symbian. He was also CFO of Robert Walters and spent six years in corporate finance at Dresdner Kleinwort Benson after a five year career with Price Waterhouse. He is a Fellow of the Institute of Chartered Accountants, an Associate of the Association of Corporate Treasurers, a Fellow of the Institute of Engineering and Technology and is an honorary Doctor of the University of Surrey.

**John Chiplin**, appointed 1 November 2021,

has extensive experience and expertise in the life sciences and technology sectors from both an operational and investment perspective. He is chairman of Scancell Holdings PLC, N4 Pharma Plc and Biotherapy Services Limited. He is also managing director of Newstar Ventures Ltd. He was head of the ITI life sciences investment fund in the UK and has managed the mergers, acquisitions and listing of a number of blue-chip companies. He also serves on the boards of an Australian public company, Regeneus, and US private company Batu Biologics.

**Martin Fiennes (Chairman of the Nomination and Remuneration Committees)**, appointed 5 April 2011,

is a Principal with Oxford Science Enterprises plc, an investment company created in 2015 to invest in spin-outs from the University of Oxford. Prior to this he ran a corporate finance boutique, Gatehouse Capital, which specialised in raising capital for early stage UK technology companies. From 1997 until he founded Gatehouse Capital in 2006, he had been an investment manager with Top Technology Ventures. He is a director of the HDH Wills 1965 Charitable Trust and also serves as a director at Bodle Technologies Limited, Saliency Labs Ltd, Natural Capital Research Limited, Wild Bioscience Ltd, Oxford Flow Limited, Living Optics Limited, Refeyn Ltd and MoA Technology Limited.

**Swarupa Pathakji**, appointed 1 November 2021,

has extensive experience across the financial sector, with an in-depth understanding of investment in growth companies and experience in exits and valuations. She qualified as a chartered accountant at Deloitte before spending time in mergers and acquisitions at Merrill Lynch. She moved to Duke Street, a midmarket Private Equity firm, in 2007 and has served as a non-executive director on the boards of a number of companies across multiple sectors. She is currently non-executive director of OFS (DS) Holdings Ltd where she is chair of the audit committee.

All of the Directors are non-executive and independent of the Manager, Albion Capital Group LLP, and are members of the Audit Committee, of which Thomas Chambers is Chairman.

All Directors are members of the Nomination Committee and Martin Fiennes is Chairman. Following Martin Fiennes's retirement from the Board on 9 June 2022, John Chiplin will become Chairman of the Committee.

All Directors are members of the Remuneration Committee and Martin Fiennes is Chairman. Following Martin Fiennes's retirement from the Board on 9 June 2022, John Chiplin will become Chairman of the Committee.

Thomas Chambers is the Senior Independent Director.

Albion Capital Group LLP is authorised and regulated by the Financial Conduct Authority and is the Manager of Kings Arms Yard VCT PLC. In addition, it manages a further five Venture Capital Trusts, the UCL Technology Funds, Albion Real Assets Fund, Albion Growth Opportunities Fund, Albion Community Power and provides administration services to Albion Care Communities Limited. Albion Capital currently has total assets under management or administration of approximately £850 million.

The following are specifically responsible for the management and administration of the Venture Capital Trusts managed by Albion Capital Group LLP:

#### **Will Fraser-Allen BA (Hons), FCA,**

is the managing partner of Albion Capital and chairs the investment committee. He is deputy chairman of the VCT Association, chairing its Public Policy Committee and sits on the Venture Capital Committee of the BVCA. He joined Albion in 2001, became deputy managing partner in 2009 and managing partner in 2019. He has over 20 years' experience investing in healthcare, leisure, media and technology enabled businesses. Prior to joining Albion, he qualified as a chartered accountant and has a BA in History from Southampton University.

#### **Patrick Reeve MA, FCA,**

was formerly the managing partner of Albion Capital and became chairman on 1 April 2019. He is a director of Albion Development VCT, Albion Technology & General VCT and Albion Enterprise VCT. Patrick is on Albion's Valuations Committee and its Risk Management Committee. He is also a director of the Association of Investment Companies. He joined Close Brothers Group plc in 1989 before establishing Albion Capital (formerly Albion Ventures LLP) in 1996. Prior to Close he qualified as a chartered accountant before joining Cazenove & Co. He has an MA in Modern Languages from Oxford University.

#### **Dr. Andrew Elder MA, FRCS,**

initially practised as a neurosurgeon before starting his career in investment. He now focuses on medical technologies, digital health and the life-science sector. He is head of healthcare investing and became deputy managing partner of Albion Capital in 2019. He graduated with an MA plus Bachelors of Medicine and Surgery from Cambridge University and practised as a surgeon for six years. He is a Fellow of the Royal College of Surgeons (England).

#### **Lauren Apostolidis,**

takes responsibility for driving the growth and engagement of the Talent X platform. In this impactful brand ambassadorial role, Lauren focuses on continuously expanding the value of AlbionVC networks to increase the success of our companies. Previously, as Platform Lead for workspace accelerator, HuckleTree, Lauren built and managed the support network of ambassadors and investors to help connect founders across the workspaces to key individuals in the ecosystem. She built relevant programming and connection opportunities for the start ups and also ran an in-house accelerator for underrepresented founders who were looking to raise their Seed round. Prior to this, Lauren managed Fintech partnerships at Thomson Reuters (Refinitiv, now part of LSEG).

#### **Adam Chirkowski MA (Hons),**

is responsible primarily for investments in the asset-based portfolio. He is an investment director at Albion Capital and invests across a number of sectors including digital infrastructure, healthcare and renewable energy. He graduated from Nottingham University with a first class degree in Industrial Economics and a Masters in Corporate Strategy and Governance. Prior to joining Albion in 2013, he spent five years working in corporate finance at Rothschild.

#### **Emil Gigov BA (Hons), FCA,**

has been an early-stage investor for over 20 years, supporting more than 30 companies spanning software technology, advanced manufacturing, education and healthcare. More recently he has focused on B2B SaaS businesses across a range of sectors including data management, fintech and marketing technologies. He joined Albion Capital in 2000 and became a partner in 2009. He graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration.

#### **Dr. Molly Gilmartin BA,**

joined Albion Capital from McKinsey & Company where she focused on healthcare systems, services and technologies. Prior to McKinsey, Molly was Chief Commercial Officer of Induction Healthcare Group which completed an IPO on AIM in 2019 and provided digital tools for healthcare professionals and patients to deliver care more efficiently and effectively. Before Induction, Molly was a founding team member of Pando, a messaging and workflow tool for doctors, and an NHS Clinical Entrepreneur as a medical doctor. As part of the Albion investment team, Molly focuses on health technology investing with a focus on digital tools and technologies that can drive better outcomes for patients through more efficient delivery of care and better clinical research.

## **Vikash Hansrani BA (Hons), FCA,**

is the operations partner of Albion Capital and oversees the finance and administration of all the funds under Albion's management and is on the AIC's VCT Technical Committee. He qualified as a chartered accountant with RSM and latterly worked in its corporate finance team, before joining Albion in 2010 and becoming a partner in 2017. Vikash is on Albion's Valuations Committee and its Risk Management Committee. He has a BA (Hons) in Accountancy & Finance from Nottingham Business School.

## **Ed Lascelles BA (Hons),**

heads up the technology investment team at Albion Capital, focusing on B2B software and disruptive tech services. He joined Albion in 2004, having started his career advising public companies during the 'dotcom' boom, and became a partner in 2009. He graduated from University College London with a first class honours degree in Philosophy.

## **Paul Lehair MSc, MA,**

joined Albion Capital with 10 years of experience in tech start-ups and investment banking. He came from Citymapper where he was finance director for 5 years having joined when the company had less than ten employees. He also worked in business operations at Viagogo and in M&A TMT at Citigroup. He is an investment manager at Albion specialising in technology investing. He has a dual Masters degree in European Political Economy from the London School of Economics and Political Science and Sciences Po Paris.

## **Catriona McDonald BA (Hons),**

joined Albion Capital in 2018 from Goldman Sachs where she worked on IPOs, M&A and leveraged buyouts in New York and London. Her time in banking gave her experience of implementing proven systems and running detailed analysis. She is now an investment manager at Albion specialising in technology investing. She graduated from Harvard University, majoring in Economics.

## **Jane Reddin BA (Hons),**

is the talent director of Albion Capital. She helps the Albion VCTs invest in strong founders, by assessing leadership potential, and accelerating the scaling of Albion's portfolio companies. In her 25 year career, she has transacted over 500 senior hires, built international, new-market and fund teams and helped over 70 start-ups build high performing teams. Prior to joining Albion, she spent six years as Talent Adviser at Balderton Capital and then co-founded The Talent Stack, a talent management consulting company for startups. She joined Albion in 2021. The talent platform she is developing at Albion enables the sharing of talent and leadership development expertise with Albion's early-stage community. She graduated from Durham University with a BA in French and German.

## **Dr. Christoph Ruedig MBA,**

practised radiology and strategy consulting before becoming an investor in healthcare. He joined Albion Capital in 2011 and became a partner in 2014. At Albion he focuses on digital health, with investments ranging from clinical trial software to chronic disease management. Prior to joining Albion, he worked at General Electric UK, where he was responsible for mergers and acquisitions in healthcare, following a role in venture capital with 3i plc. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD.

## **Nadine Torbey MSc, BEng,**

joined Albion Capital in 2018 from Berytech Fund Management, one of the first VC funds in the Middle East, and her investing experience includes: AI/Data Platforms and Infrastructure, CX, Digital Networks and Hardware. She is an investment manager at Albion specialising in technology investing. She graduated from the American University of Beirut with a BSc in Electrical and Computer Engineering, and followed this with an MSc in Innovation Management and Entrepreneurship from Brown University.

## **Robert Whitby-Smith BA (Hons), FCA,**

is a partner at Albion Capital specialising in software investing. Robert joined Albion in 2005 and became a partner in 2009. Previously Robert worked in corporate finance for Credit Suisse, KPMG and ING Barings, after qualifying as a chartered accountant.

## **Jay Wilson MBA, MMath,**

comes from an advisory background and is focused on partnering with management teams. He joined Albion Capital in 2019 from Bain & Company, where he had been a consultant since 2016 and is an investment director at Albion specialising in technology investing. Prior to this he graduated from London Business School with an MBA having spent eight years as a broker at ICAP Securities.

## **Marco Yu PhD, MRICS,**

specialises in energy related investment and has in-depth knowledge and understanding of energy generation, distribution, balancing, storage as well as servicing the sector. He is an investment director at Albion Capital, has a first class degree in economics from Cambridge, a PhD in construction economics from UCL and has led over 20 investments to date. Prior to joining Albion in 2007 he qualified as a Chartered Surveyor with Bouygues (UK), and advised on large capital projects with EC Harris.

# Portfolio of investments

Fixed asset investments	% voting rights	% voting rights held by Albion managed companies	As at 31 December 2021			As at 31 December 2020			Change in value for the year <sup>(2)</sup> £'000
			Cost <sup>(1)</sup> £'000	Cumulative movement in value £'000	Value £'000	Cost <sup>(1)</sup> £'000	Cumulative movement in value £'000	Value £'000	
Proveca Limited	15.1	49.9	2,259	7,613	9,872	2,259	5,934	8,193	1,679
Quantexa Limited	1.6	11.3	1,329	7,797	9,126	1,329	2,971	4,300	4,826
Egress Software Technologies Limited	4.8	24.7	1,644	4,858	6,502	1,644	3,709	5,353	1,149
Chonais River Hydro Limited	6.5	50.0	2,428	794	3,222	2,428	861	3,289	(67)
Oviva AG	1.6	12.2	1,489	1,487	2,976	659	184	843	1,303
MyMeds&Me Limited	15.4	42.1	1,459	750	2,209	1,459	(71)	1,388	821
The Ewell Group Limited	4.4	33.0	1,057	908	1,965	671	169	840	739
Phrasee Limited	2.8	17.4	648	1,276	1,924	648	226	874	1,050
Sift Limited	42.1	42.1	2,256	(352)	1,904	2,306	(1,105)	1,201	754
The Street by Street Solar Programme Limited	10.0	50.0	1,040	811	1,851	1,040	926	1,966	(115)
Regenerco Renewable Energy Limited	9.8	50.0	988	609	1,597	988	695	1,683	(86)
Academia Inc.	2.8	2.8	351	1,200	1,551	351	606	957	594
Black Swan Data Limited	0.4	2.9	1,293	130	1,423	941	(340)	601	470
Alto Prodotto Wind Limited	11.1	50.0	800	453	1,253	856	597	1,453	(117)
Healios Limited	2.6	17.5	684	417	1,101	216	470	686	(54)
NuvoAir Holdings Inc.	2.5	11.6	763	320	1,083	–	–	–	320
Elliptic Enterprises Limited	0.5	5.9	750	279	1,029	488	–	488	279
Dragon Hydro Limited	17.2	30.0	624	360	984	655	431	1,086	(71)
Arecor Therapeutics PLC	0.9	5.5	304	632	936	304	–	304	632
Threadneedle Software Holdings Limited (T/A Solidatus)	1.5	11.5	917	–	917	–	–	–	–
uMotif Limited	3.7	21.0	979	(65)	914	415	46	461	(111)
Gravitee Topco Limited (T/A Gravitee.io)	3.8	18.4	833	–	833	–	–	–	–
Gharagain River Hydro Limited	5.0	50.0	620	166	786	620	181	801	(15)
Credit Kudos Limited	0.9	13.8	185	579	764	185	–	185	579
Panaseer Limited	1.4	11.4	510	243	753	342	256	598	(13)
Symetrica Limited	3.7	5.0	685	19	704	685	19	704	–
Cantab Research Limited (T/A Speechmatics)	1.1	10.9	460	227	687	460	–	460	227
AVESI Limited	14.8	50.0	484	155	639	484	219	703	(64)
Beddlestead Limited	5.1	49.0	606	12	618	606	(205)	401	217
Brytlyt Limited	3.4	14.8	566	–	566	–	–	–	–
Koru Kids Limited	1.6	9.3	345	192	537	345	36	381	156
Aridhia Informatics Limited	2.1	21.6	409	125	534	409	(109)	300	234
Convertr Media Limited	3.0	26.6	482	19	501	482	15	497	4
Seldon Technologies Limited	2.1	14.0	418	–	418	418	–	418	–
Cisiv Limited	3.0	29.7	278	133	411	278	(99)	179	232
Locum's Nest Limited	3.6	24.1	375	23	398	375	(23)	352	46
Limitless Technology Limited	1.4	11.0	383	–	383	383	38	421	(38)
Greenenerco Limited	8.6	50.0	236	142	378	250	182	432	(30)
InCrowd Sports Limited	2.1	17.8	272	94	366	272	(5)	267	99

# Portfolio of investments continued

Fixed asset investments	% voting rights	% voting rights held by Albion managed companies	As at 31 December 2021			As at 31 December 2020			Change in value for the year <sup>(2)</sup> £'000
			Cost <sup>(1)</sup> £'000	Cumulative movement in value £'000	Value £'000	Cost <sup>(1)</sup> £'000	Cumulative movement in value £'000	Value £'000	
The Voucher Market Limited (T/A WeGift)	0.9	10.0	361	–	361	361	–	361	–
Imandra Inc.	1.0	8.1	138	194	332	91	–	91	195
Accelex Technology Limited	3.6	16.5	323	–	323	–	–	–	–
TransFICC Limited	1.0	9.9	156	148	304	156	–	156	148
Celoxica Holdings plc	4.4	4.4	513	(255)	258	513	(255)	258	–
Anthropics Technology Limited	13.8	13.8	19	185	204	19	325	344	(140)
uMedeor Limited (T/A uMed)	1.4	9.5	152	–	152	–	–	–	–
Erin Solar Limited	5.7	50.0	160	(31)	129	160	(22)	138	(9)
Zift Channel Solutions Inc.	0.6	6.5	321	(194)	127	321	(262)	59	68
Concirus Limited	0.6	9.7	308	(231)	77	308	–	308	(231)
Harvest AD Limited <sup>(i)</sup>	–	–	70	(1)	69	70	1	71	(2)
Sandcroft Avenue Limited (T/A Hussle)	5.1	21.2	1,026	(1,014)	12	1,026	(887)	139	(127)
Avora Limited	2.8	16.7	510	(498)	12	510	–	510	(498)
Xention Limited	10.6	10.6	38	(28)	10	38	(28)	10	–
Forward Clinical Limited (T/A Pando)	1.5	9.2	184	(179)	5	184	(133)	51	(46)
Abcodia Limited	4.3	19.5	761	(758)	3	735	(475)	260	(282)
Mirada Medical Limited	1.8	42.4	390	(390)	–	390	(198)	192	(192)
Other holdings (3 companies)			2	1	3	2	1	3	–
<b>Total fixed asset investments</b>			<b>37,641</b>	<b>29,355</b>	<b>66,996</b>	<b>31,135</b>	<b>14,881</b>	<b>46,016</b>	<b>14,513</b>

(1) Amounts shown as cost represent the acquisition cost in the case of investments originally made by the Company and/or the valuation attributed to the investments acquired from Quester VCT 2 plc and Quester VCT 3 plc at the date of the merger in 2005, and those acquired from Kings Arms Yard VCT 2 PLC at the merger on 30 September 2011, plus any subsequent acquisition costs, as reduced in certain cases by amounts written off as representing an impairment in value.

(2) As adjusted for additions and disposals during the year.

(i) Early stage investment of convertible loan stock.

The comparative cost and valuations for 31 December 2020 do not agree to the Annual Report and Financial Statements for the year ended 31 December 2020 as the above list does not include brought forward investments that were fully disposed of in the year.

# Portfolio of investments continued

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Realised gain/(loss) £'000	Gain/(loss) on opening value £'000
<b>Realisations in the year to 31 December 2021</b>					
<b>Disposals:</b>					
Active Lives Care Limited	4,395	7,971	7,823	3,428	(148)
Ryefield Court Care Limited	3,070	5,814	5,773	2,703	(41)
Antenova Limited	1,733	2,448	5,294	3,561	2,846
OmPrompt Holdings Limited	1,377	3,049	3,152	1,775	103
Perpetuum Limited	3,136	1,254	1,413	(1,723)	159
Shinfield Lodge Care Limited	535	1,162	1,142	607	(20)
MPP Global Solutions Limited	550	550	730	180	180
Innovation Broking Limited	45	137	464	419	327
Elaternal Group Limited	5,488	408	410	(5,078)	2
SBD Automotive Limited	173	361	360	187	(1)
<b>Loan stock repayments and other:</b>					
Alto Prodotto Wind Limited	56	84	84	28	–
Sift Limited	51	51	51	–	–
Dragon Hydro Limited	31	31	31	–	–
Greenenerco Limited	15	23	23	8	–
Xperiome Limited*	360	414	–	(360)	(414)
Escrow adjustments and other**	23	2	10	(13)	8
<b>Total</b>	<b>21,038</b>	<b>23,759</b>	<b>26,760</b>	<b>5,722</b>	<b>3,001</b>

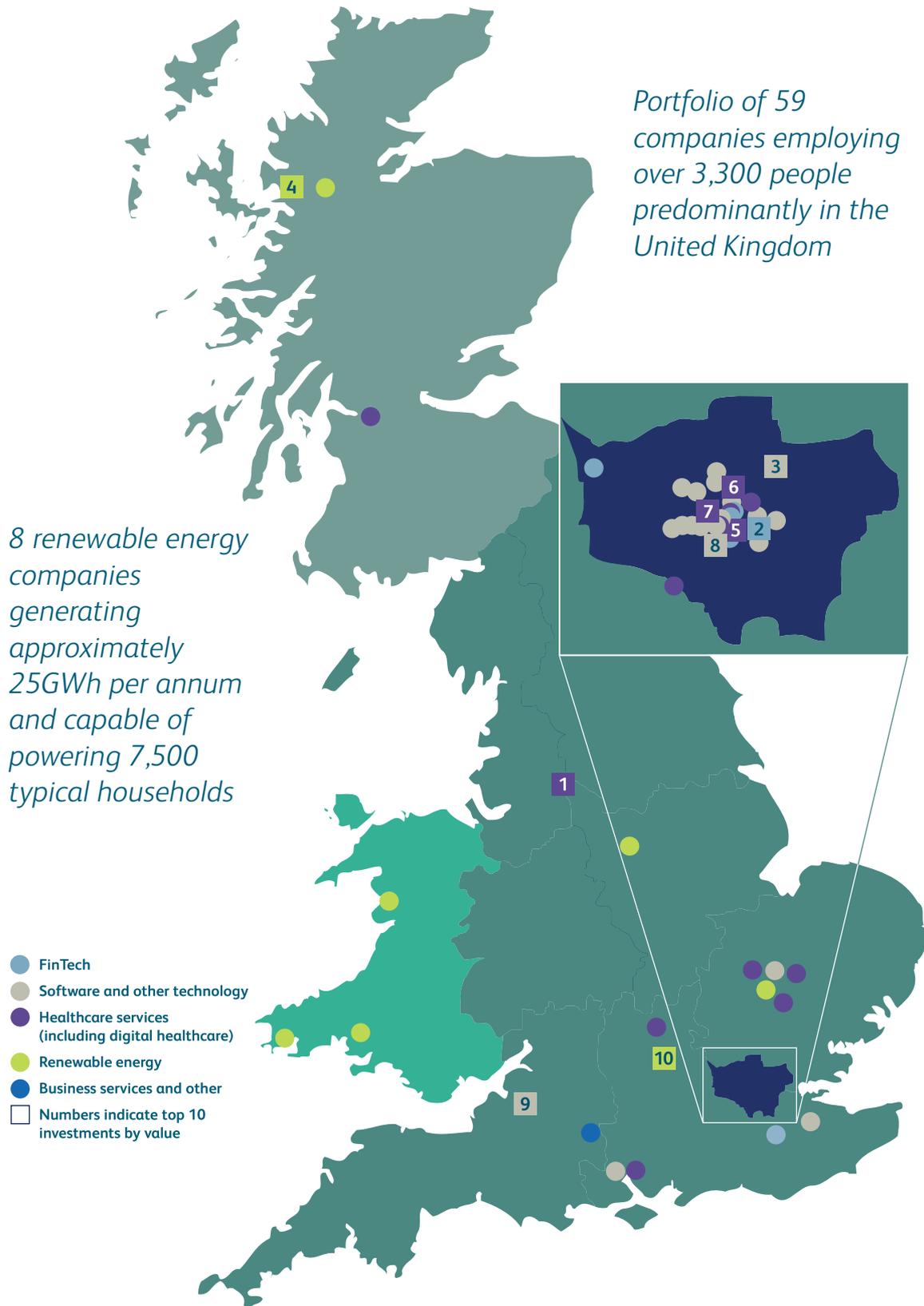
\* In administration.

\*\* These comprise fair value movements on deferred consideration on previously disposed investments and expenses which are incidental to the purchase or disposal of an investment.

<b>Total change in value of investments for the year</b>	<b>14,513</b>
Movement in loan stock accrued interest	621
<b>Unrealised gains sub-total</b>	<b>15,134</b>
Realised gains	3,001
Unwinding of discount on deferred consideration	192
<b>Total gains on investments as per Income statement</b>	<b>18,327</b>

# Portfolio companies

## Geographical locations



# Portfolio companies continued

The top ten portfolio companies by value are shown below.

## 1. Proveca Limited

Proveca is a specialty pharmaceutical company focused on children's medicines. The company is addressing a significant need in developing drugs that are specifically formulated for children, taking advantage of a supportive regulatory regime and market protection throughout Europe. Its first product for chronic drooling was launched in 2017. It has a pipeline of drugs focused on neurology, immunology and cardiovascular that it expects to reach the market over the next one to three years.



Website: [www.proveca.co.uk](http://www.proveca.co.uk)

### Filleted audited results for year ended 31 July 2020

Net liabilities  
Basis of valuation

£'000  
(4,102)  
Revenue multiple

### Investment information

Income recognised in the year  
Cost  
Total valuation  
Voting rights  
Voting rights for all Albion managed companies

£'000  
–  
2,259  
9,872  
15.1%  
49.9%



Website: [www.quantexa.com](http://www.quantexa.com)

## 2. Quantexa Limited

Quantexa has developed an analytics platform which offers entity resolution, network analytics and automated decisioning at massive scale in real time. This capability is used to fight financial crime and reduce fraud. Quantexa now counts many of the world's largest banks, insurers and governments among its clients.

### Audited results for year ended 31 March 2020

Turnover  
LBITDA  
Loss before tax  
Net liabilities  
Basis of valuation

£'000  
17,545  
(13,064)  
(13,700)  
(2,495)  
Cost and price of recent investment  
(reviewed for impairment)

### Investment information

Income recognised in the year  
Cost  
Total valuation  
Voting rights  
Voting rights for all Albion managed companies

£'000  
–  
1,329  
9,126  
1.6%  
11.3%

# Portfolio companies continued

## 3. Egress Software Technologies Limited

Egress has developed a secure communication platform that uses encryption and machine learning to secure content shared via email and other applications. Egress serves SMBs and small enterprise customers in the public sector, legal, healthcare, financial services and defence sectors.

### Audited results for year ended 31 December 2020

	£'000
Turnover	17,336
LBITDA	(6,822)
Loss before tax	(7,056)
Net liabilities	(1,956)
Basis of valuation	Revenue multiple

### Investment information

	£'000
Income recognised in the year	–
Cost	1,644
Total valuation	6,502
Voting rights	4.8%
Voting rights for all Albion managed companies	24.7%



Website: [www.egress.com](http://www.egress.com)



## 4. Chonais River Hydro Limited

Chonais Hydro is a 2MW hydropower scheme near Loch Carron in the Scottish Highlands. It is a run-of-river scheme, taking water from a small river via an intake on the mountainside. The scheme is low visual impact with the only visible components being a small intake and a powerhouse, both of which are built using local material. It generates enough electricity to power approximately 2,000 homes. It benefits from inflation-protected renewable subsidies for a period of 20 years. The scheme was commissioned in 2014 and has been generating successfully since.

### Filleted audited results for year ended 30 September 2020

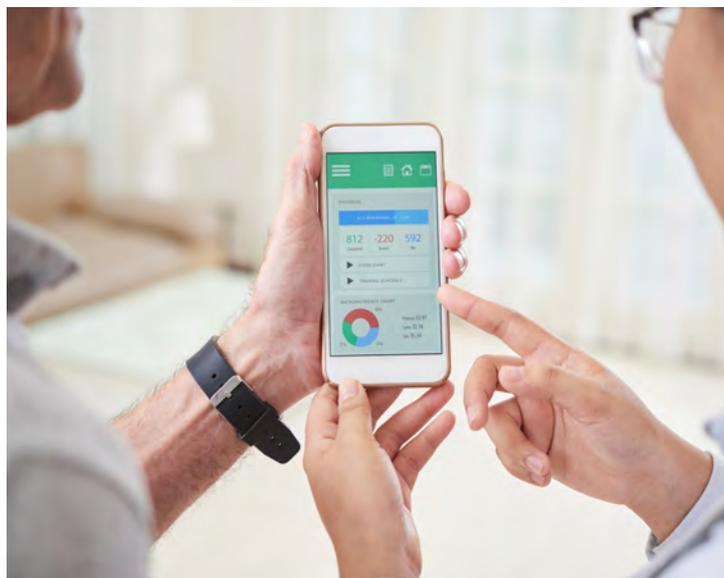
	£'000
Net liabilities	(138)
Basis of valuation	Third party valuation – Discounted cash flow

### Investment information

	£'000
Income recognised in the year	224
Cost	2,428
Total valuation	3,222
Voting rights	6.5%
Voting rights for all Albion managed companies	50.0%

## 5. Oviva AG

Oviva is the category leader in Europe for digital, reimbursed dietetic care. The company sells digital and technology-led services solutions for conditions such as diabetes and obesity. It consistently demonstrates best-in-class outcomes helping its clients save costs and improve patient well-being. It is active in the UK, Germany, France and Switzerland.



Website: [www.oviva.com](http://www.oviva.com)

### Audited results for year ended 31 December 2020

Turnover  
LBITDA  
Net assets  
Basis of valuation

£'000

5,097

(4,285)

14,661

Cost and price of recent investment  
(reviewed for impairment)

### Investment information

Income recognised in the year

Cost

Total valuation

Voting rights

Voting rights for all Albion managed companies

£'000

–

1,489

2,976

1.6%

12.2%



Website: [www.mymedsandme.com](http://www.mymedsandme.com)

## 6. MyMeds&Me Limited

MyMeds&Me provides a patient engagement platform for the collection of structured data on adverse events and product complaints in the pharmaceutical sector. It semi-automates the collection of data, codifies and structures the data to be used by both pharma companies and regulators.

### Filleted audited results for year ended 31 December 2020

Net liabilities  
Basis of valuation

£'000

(2,364)

Revenue multiple

### Investment information

Income recognised in the year

Cost

Total valuation

Voting rights

Voting rights for all Albion managed companies

£'000

–

1,459

2,209

15.4%

42.1%

# Portfolio companies continued

## 7. The Ewell Group Limited

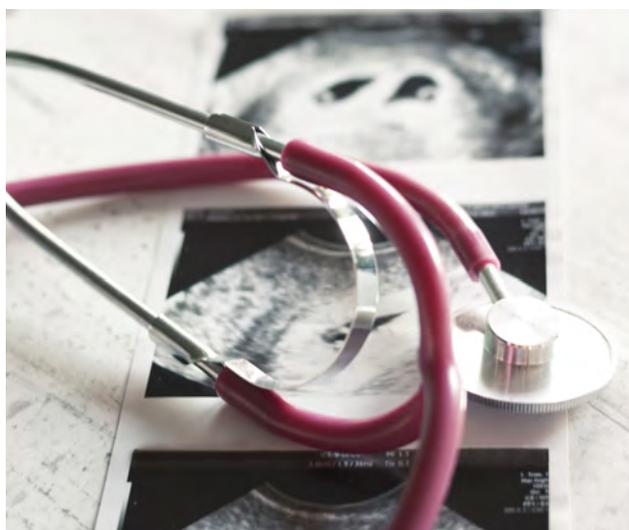
The Ewell owns and operates private pay women's health centres of excellence with one clinic open on Harley Street and one in development in Hammersmith (opening Q2 2022), both focusing on fertility and IVF treatment but uniquely also covering all aspects of a woman's gynaecological health.

### Filleted audited results for year ended 31 December 2020

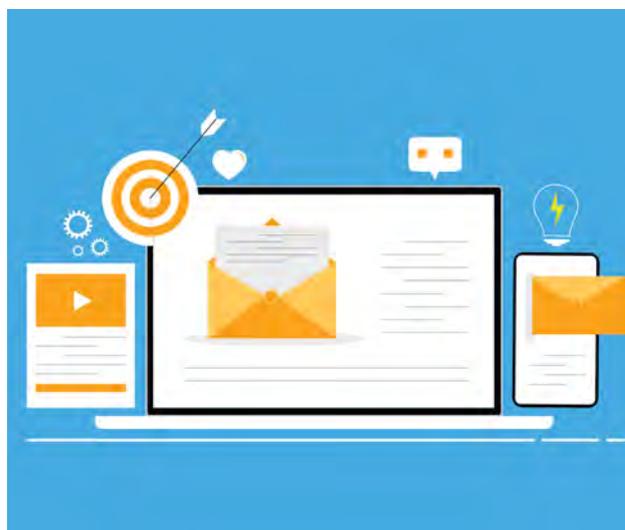
	£'000
Net liabilities	(3,354)
Basis of valuation	Discounted offer price

### Investment information

	£'000
Income recognised in the year	101
Cost	1,057
Total valuation	1,965
Voting rights	4.4%
Voting rights for all Albion managed companies	33.0%



Website: [www.ewell.com](http://www.ewell.com)



Website: [www.phrasee.co](http://www.phrasee.co)

## 8. Phrasee Limited

Phrasee provides a platform that uses natural language generation and deep learning to generate brand optimised language, increasing engagement across the entire customer journey.

### Filleted audited results for year ended 28 February 2021

	£'000
Net assets	1,907
Basis of valuation	Discounted offer price

### Investment information

	£'000
Income recognised in the year	–
Cost	648
Total valuation	1,924
Voting rights	2.8%
Voting rights for all Albion managed companies	17.4%

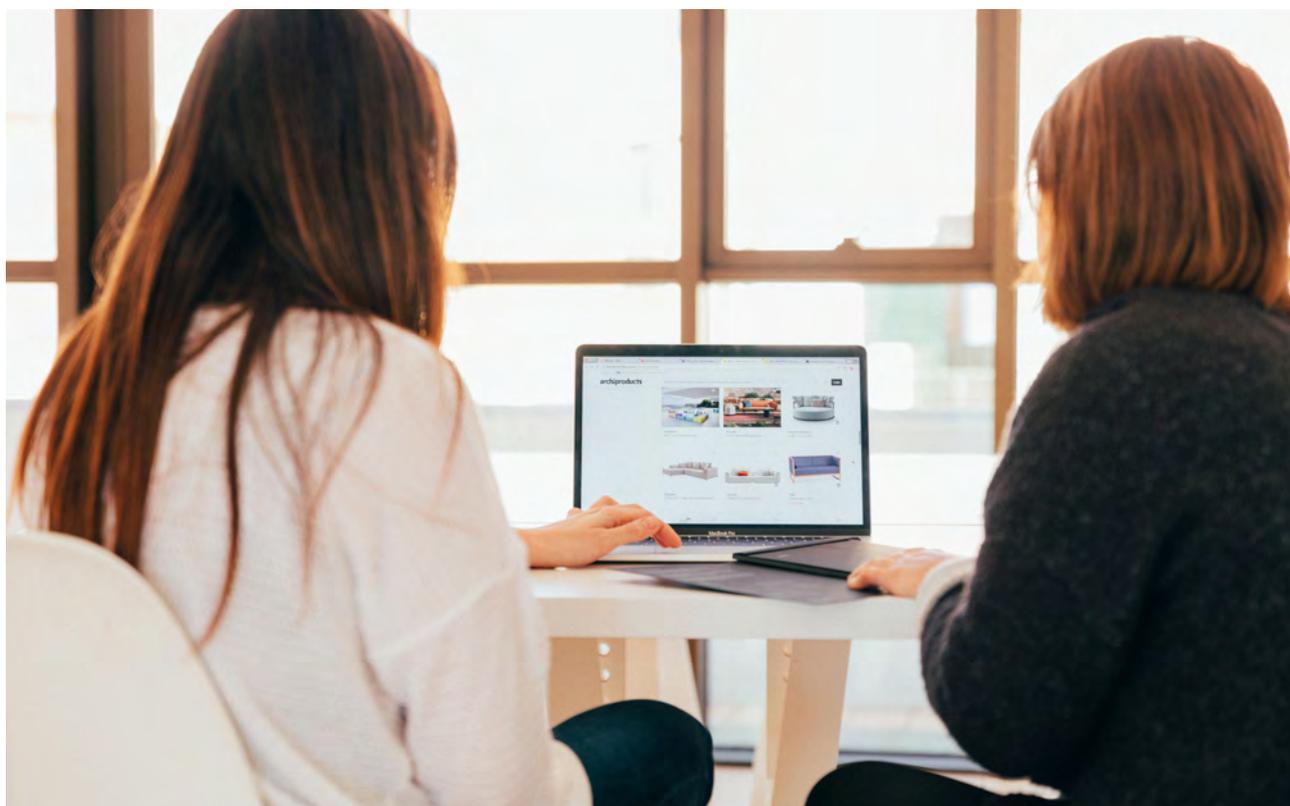
# Portfolio companies continued

## 9. Sift Limited

Sift is a leading B2B digital publisher and agency reaching over 1.5 million professionals every month. Sift has a portfolio of online media titles including accountingWEB.co.uk.

### Filleted audited results for year ended 31 December 2020

	£'000	Investment information	£'000
Net assets	1,338	Income recognised in the year	27
Basis of valuation	Revenue multiple	Cost	2,256
		Total valuation	1,904
		Voting rights	42.1%
		Voting rights for all Albion managed companies	42.1%



Website: [www.sift.co.uk](http://www.sift.co.uk)

## 10. The Street by Street Solar Programme Limited

Street by Street owns and operates solar PV systems on circa 600 privately owned homes in England and Wales. It provides free and clean electricity to those homes, and benefits from inflation-protected renewable subsidies for a period of 20 to 25 years. Most of the PV systems were commissioned in 2011 and 2012.

### Filleted audited results for year ended 30 November 2020

	£'000	Investment information	£'000
Net liabilities	(711)	Income recognised in the year	112
Basis of valuation	Third party valuation – Discounted cash flow	Cost	1,040
		Total valuation	1,851
		Voting rights	10.0%
		Voting rights for all Albion managed companies	50.0%

# Directors' report

The Directors present their Annual Report and the audited Financial Statements on the affairs of Kings Arms Yard VCT PLC (the "Company") for the year ended 31 December 2021. The Statement of corporate governance on pages 40 to 45 forms a part of the Directors' report.

## BUSINESS REVIEW

### Principal activity and status

The principal activity of the Company is that of a Venture Capital Trust. It has been approved by H.M. Revenue & Customs ("HMRC") as a Venture Capital Trust in accordance with Part 6 of the Income Tax Act 2007 and in the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 and further details of this can be found on pages 35 and 36 of this Director's report.

The Company is not a close company for taxation purposes and its shares are premium listed on the official list of the London Stock Exchange.

Under current tax legislation, shares in the Company provide tax-free capital growth and income distribution, in addition to the income and capital gains tax relief some investors would have obtained when they invested in the Company's original share offers.

### Capital structure

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 14.

Ordinary shares represent 100 per cent. of the total share capital and voting rights. The Ordinary shares are designed for individuals who are seeking, over the long term, investment exposure to a diversified portfolio of unquoted investments. The investments are spread over a number of sectors, to produce a regular source of income, combined with the prospect of longer term growth.

All Ordinary shares (except for treasury shares which have no rights to a dividend and no voting rights) rank *pari passu* for dividend and voting purposes. Each Ordinary share is currently entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Shareholders are entitled to receive dividends and are entitled to the return of capital on winding up or other return of capital based on the surpluses attributable to the shares.

### Issue and buy-back of Ordinary shares

During the year, the Company issued 75,754,056 new Ordinary shares of which 68,756,579 Ordinary shares were issued under the Albion VCTs' Top Up Offers and 6,997,477 Ordinary shares were issued under the Company's Dividend Reinvestment Scheme (details of which can be found on [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) under the Dividend Reinvestment Scheme section).

Your Board, in conjunction with the boards of five of the other VCTs managed by Albion Capital Group LLP, launched a prospectus Top Up Offer of new Ordinary shares on 6 January 2022. The Board announced on 9 February 2022 that, following strong demand, it had reached its £8 million limit under its Offer for subscription and it was closed to further applications. Following the Board's assessment of future liquidity within the portfolio it did not elect to use its over-allotment facility under the Offer.

The Company operates a policy of buying back shares either for cancellation or for holding in treasury. Details regarding the current buy-back policy can be found in the Chairman's statement on page 7 and details of share buybacks during the year can be found in note 14.

### Substantial interests and shareholder profile

As at 31 December 2021 and at the date of this Report, the Company was not aware of any beneficial interest exceeding 3% of voting rights. There have been no disclosures in accordance with Disclosure Guidance and Transparency Rule 5 made to the Company during the year ended 31 December 2021 and up to the date of this Report.

### Results and dividends

Detailed information on the results and dividends for the year ended 31 December 2021 can be found in the Strategic report on page 10.

### Future developments of the business

Details on the future developments of the business can be found on page 8 of the Chairman's statement and on page 10 of the Strategic report.

### Going concern

In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council ("FRC") in 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC due to Covid-19 in 2020, the Board has assessed the Company's operation as a going concern. The Company has sufficient cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Cash flow

forecasts are discussed quarterly at Board level with regards to going concern. The cash flow forecasts have been updated and stress tested. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the Financial Statements. For this reason, the Directors have adopted the going concern basis in preparing the accounts. The Directors do not consider there to be any material uncertainty over going concern.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in note 16. The Company's business activities, together with details of its performance are shown in the Strategic report and this Directors' report.

### Post balance sheet events

Details of events that have occurred since 31 December 2021 are shown in note 18.

### Principal risks and uncertainties

A summary of the principal risks faced by the Company is set out on pages 16 to 18 of the Strategic report.

### VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007 as follows:

- (1) The Company's income must be derived wholly or mainly from shares and securities;
- (2) At least 80 per cent. of the HMRC value of its investments must have been represented throughout the year by shares or securities that are classified as 'qualifying holdings';
- (3) At least 70 per cent. by HMRC value of its total qualifying holdings must have been represented throughout the year by holdings of 'eligible shares'. Investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement;
- (4) At least 30 per cent. of funds raised in accounting periods beginning on or after 6 April 2018 must be invested in qualifying holdings by the anniversary of the end of the accounting period in which the funds were raised;
- (5) At the time of investment, or addition to an investment, the Company's holdings in any one company (other than another VCT) must not have exceeded 15 per cent. by HMRC value of its investments;

- (6) The Company must not have retained greater than 15 per cent. of its income earned in the year from shares and securities;
- (7) The Company's shares, throughout the year, must have been listed on a regulated market;
- (8) An investment in any company must not cause that company to receive more than £5 million in State aid risk finance in the 12 months up to the date of the investment, nor more than £12 million in total (the limits are £10 million and £20 million respectively for a 'knowledge intensive' company);
- (9) The Company must not invest in a company whose trade is more than seven years old (ten years for a 'knowledge intensive' company) unless the company previously received State aid risk finance in its first seven years, or the company is entering a new market and a turnover test is satisfied;
- (10) The Company's investment in another company must not be used to acquire another business, or shares in another company; and
- (11) The Company may only make qualifying investments or certain non-qualifying investments permitted by section 274 of the Income Tax Act 2007.

These tests drive a spread of investment risk through preventing holdings of more than 15 per cent. by HMRC value in any portfolio company. The tests have been carried out and independently reviewed for the year ended 31 December 2021. The Company has complied with all tests and continues to do so.

'Qualifying holdings' include shares or securities (including unsecured loans with a five year or greater maturity period) in companies which have a permanent establishment in the UK and operate a 'qualifying trade' wholly or mainly in the United Kingdom. The investment must bear a sufficient level of risk to meet a risk-to-capital condition. Eligible shares must comprise at least 10 per cent. by HMRC value of the total of the shares and securities that the Company holds in any one portfolio company. 'Qualifying trade' excludes, amongst other sectors, dealing in property or shares and securities, insurance, banking and agriculture. Details of the sectors in which the Company is invested can be found in the pie chart on page 9.

A 'knowledge intensive' company is one which is carrying out significant amounts of R&D from which the greater part of its business will be derived, or where those R&D activities are being carried out by staff with certain higher educational attainments.

Portfolio company gross assets must not exceed £15 million immediately prior to the investment and £16 million immediately thereafter.

As at 31 December 2021, the HMRC value of the Company's qualifying investments of its portfolio (which includes a 12 month disregard for disposals) was 100.00% (2020: 98.49%). The Board continues to monitor this and all the VCT qualification requirements very carefully in order to ensure that all requirements are met and that qualifying investments comfortably exceed the current minimum threshold of 80% required for the Company to continue to benefit from VCT tax status. The Board and Manager are confident that the qualifying requirements can be met during the course of the year ahead.

## Environment

The management and administration of the Company is undertaken by the Manager. Albion Capital Group LLP recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include recycling, favouring digital over printing and reducing energy consumption. Further details can be found in the Environmental, Social, and Governance ("ESG") report on pages 19 to 21.

## Global greenhouse gas emissions

The Company qualifies as a low energy user with regards to greenhouse gas emissions, producing less than 40,000kWh of energy, and therefore is not required to report emissions from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013, including those within our underlying investment portfolio. Therefore, the Company is outside of the scope of Streamlined Energy Carbon Reporting.

## Anti-bribery

The Company has adopted a zero tolerance approach to bribery, and will not tolerate bribery under any circumstances in any transaction the Company is involved in.

The Manager reviews the anti-bribery policies and procedures of all portfolio companies.

## Anti-facilitation of tax evasion

The Company has a zero tolerance approach with regards to the facilitation of criminal tax evasion and has a robust risk assessment procedure in place to ensure compliance. The Board reviews this policy and the prevention procedures in place for all associates on a regular basis.

## Diversity

The Board currently consists of three male Directors and two female Directors. The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board.

More details on the Directors can be found in the Board of Directors section on page 22.

## *Packaged Retail and Insurance-based Investment Products ("PRIIPs")*

Investors should be aware that the PRIIPs Regulation requires the Manager, as PRIIP manufacturer, to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Company's webpage on the Manager's website. The Company is not responsible for the information required to be contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performances returns cannot be guaranteed.

## Alternative Investment Fund Managers Directive ("AIFMD")

Under the Alternative Investment Fund Manager Regulations 2013 (as amended) the Company is a UK AIF and the Manager is a full scope UK AIFM. Ocorian Depositary (UK) Limited provides depositary services under the AIFMD.

## *Material changes to information required to be made available to investors of the Company*

The AIFMD outlines the required information which has to be made available to investors prior to investing in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. There were no material changes in the year.

## *Assets of the Company subject to special arrangements arising from their illiquid nature*

There are no assets of the Company which are subject to special arrangements arising from their illiquid nature.

## *Remuneration (unaudited)*

The Manager has a remuneration policy which meets the requirements of the AIFMD Remuneration Code and associated Financial Conduct Authority guidance. The remuneration policy together with the remuneration disclosures for the AIFM's most recent reporting period are available on the Company's webpage on the Manager's website.

## Employees

The Company is managed by Albion Capital Group LLP and has no employees.

## Directors

The Directors who held office throughout the year, and their interests in the shares of the Company (together with those of their immediate family) are shown in the Directors' remuneration report on page 47.

## Directors' indemnity

Each Director has entered into a Deed of Indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each Deed, against any liability arising out of any claim made against them in relation to the performance of their duties as a Director of the Company. A copy of each Deed of indemnity entered into by the Company with each Director is available at the registered office of the Company.

## Re-election and election of Directors

Directors' re-election is subject to the Articles of Association and the UK Corporate Governance Code. The AIC Code recommends that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Fiona Wollocombe and Thomas Chambers will offer themselves for re-election at the forthcoming AGM. Martin Fiennes will retire as a Director on 9 June 2022 and is not being put forward for re-election accordingly.

As John Chiplin and Swarupa Pathakji have been appointed since the last Annual General Meeting, they will be subject to election at the forthcoming Annual General Meeting.

## Advising ordinary retail investors

The Company currently conducts its affairs so that its shares can be recommended by financial intermediaries to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The FCA's restrictions which apply to non-mainstream investment products do not apply to the Company's shares because they are shares in a Venture Capital Trust which, for the purposes of the rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

## Investment and co-investment

The Company co-invests with other Albion Capital Group LLP managed VCTs. Allocation of investments is on the basis of an allocation agreement which is based, *inter alia*, on the ratio of cash available for investment in each of the entities and the HMRC VCT qualifying tests.

## Auditor

The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. A resolution to re-appoint BDO LLP will be put to the Annual General Meeting.

## Cancellation of share premium and capital redemption reserve

The Company obtained authority to cancel the amount standing to the credit of its share premium and capital redemption reserves at the General Meeting on 25 November 2021. The purpose of the proposal was to increase the distributable reserves available to the Company for the payment of dividends, the buy-back of shares, and for other corporate purposes.

The proposal received the consent of the Court on 11 January 2022, and the changes have been registered at Companies House. Over time, this will create additional distributable reserves of £60.9 million.

## Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at noon on 9 June 2022 via the Lumi platform. Information on how to participate in the live webcast can be found on the Manager's website at [www.albion.capital/vct-hub/agms-events](http://www.albion.capital/vct-hub/agms-events).

The AGM will include a presentation from the Manager, the answering of questions received from shareholders and the formal business of the AGM, which includes voting on the resolutions proposed by the Board by way of a poll. Registration details for the webcast will be emailed to shareholders and will be available at [www.albion.capital/vct-hub/agms-events](http://www.albion.capital/vct-hub/agms-events) prior to the Meeting.

The Board welcomes questions from shareholders at the AGM and shareholders will be able to ask questions using the Lumi platform during the AGM. Alternatively, shareholders can email their questions to [KAYchair@albion.capital](mailto:KAYchair@albion.capital) prior to the Meeting. Questions asked will be answered during the meeting so far as possible.

Shareholders will be able to vote during the Meeting using the Lumi platform. Shareholders are encouraged to complete and return proxy cards in advance of the AGM but those participating in the meeting will be able to cast their votes through the Lumi platform once the Chairman declares the poll open.

The results of the poll held at the Meeting will be announced through a Regulatory Information Service and will be published on the Company's webpage on the Manager's website at [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) as soon as reasonably practicable following the Meeting.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions. You can cast your vote by using the proxy form enclosed with this Annual Report or electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed.

Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 74 to 77.

The ordinary business resolutions 1 to 8 includes receiving and adopting the Company's accounts, to approve the Directors' remuneration report, to re-elect Fiona Wollocombe and Thomas Chambers as Directors, to elect John Chiplin and Swarupa Pathakji as Directors, and to appoint BDO as auditor for the next year end and to fix their remuneration.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting for which shareholder approval is required in order to comply either with the Companies Act or the Listing Rules of the Financial Conduct Authority.

Resolutions 9 to 11 replace authorities given to the Directors at the Annual General Meeting in 2021. The authorities sought at the forthcoming Annual General Meeting will expire 15 months from the date that the resolution is passed, or at the conclusion of the next Annual General Meeting of the Company, whichever is earlier.

### Authority to allot shares

Ordinary resolution number 9 proposes to renew the Directors' authority to allot additional shares of the Company up to an aggregate nominal amount of £1,082,825 which represents approximately 20% of the issued share capital of the Company.

The Directors current intention is to allot shares under the Dividend Reinvestment Scheme and any Albion VCTs Share Offers. The Company currently holds 68,609,325 treasury shares representing 13.4% of the total Ordinary share capital in issue as at 31 December 2021.

During the year, Ordinary shares were allotted under the terms of the Dividend Reinvestment Scheme and the Albion VCTs Share Offers as described in note 14.

### Disapplication of pre-emption rights

Special resolution number 10 will request the authority for the Directors to allot equity securities for cash without first being required to offer such securities to existing members. This will include the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The authority relates to a maximum aggregate of £1,082,825 of the nominal value of the

share capital representing approximately 20% of the issued Ordinary share capital as at the date of this Report.

### Purchase of own shares

Special resolution number 11 proposes to renew the existing power of the Company to purchase its own shares up to a maximum number of 81,157,770 shares representing 14.99% of the total number of shares currently in issue at or between the minimum and maximum prices specified in resolution number 11.

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.

During the financial year under review, the Company purchased 8,117,716 Ordinary shares which were held in treasury, at an aggregate consideration of £1,709,000 representing 1.6% of called-up share capital. Further information is shown in note 14.

### Recommendation

The Board believes that the passing of the resolutions above are in the best interests of the Company and its shareholders as a whole and accordingly, unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in respect of their own shareholdings.

### Disclosure of information to the Auditor

In the case of the persons who are Directors of the Company at the date of approval of this report:

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

This disclosure is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By Order of the Board

### Albion Capital Group LLP

Company Secretary  
1 Benjamin Street  
London, EC1M 5QL  
24 March 2022

# Statement of Directors' responsibilities

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The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that 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; 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 Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

## Website publication

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial Statements are published on the Company's webpage on the Manager's website ([www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY)) 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 webpage is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

## Directors' responsibilities pursuant to Disclosure Guidance and Transparency Rule 4 of the UK Listing Authority

The Directors confirm to the best of their knowledge:

- 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 or loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

## Fiona Wollocombe

Chairman

24 March 2022

# Statement of corporate governance

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## Background

The Financial Conduct Authority requires all listed companies on a regulated market to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (“the Code”) issued by the Financial Reporting Council (“FRC”) in 2018.

The Board of Kings Arms Yard VCT PLC has considered the Principles and Provisions of the AIC Code of Corporate Governance (“AIC Code”). The AIC Code addresses the Principles and Provisions set out in the Code, as well as setting out additional Provisions on issues that are of specific relevance to Kings Arms Yard VCT PLC and other investment companies. Closed-ended investment companies have particular factors which have an impact on their governance arrangements, principally from four features: outsourcing their day-to-day activities to external service providers and being governed by boards of non-executive directors; the importance of the Manager in the outsourcing compared to a typical supplier; having no executive directors or employees and consequently no executive remuneration packages; and no customers in the traditional sense, only shareholders.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders. The Company has complied with the Principles and Provisions of the AIC Code.

The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the Code to make them relevant for investment companies.

## Board of Directors

The Board consists solely of non-executive Directors. Fiona Wollocombe is the Chairman and Thomas Chambers is the Senior Independent Director and the chairman of the Audit Committee. All Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager. On 9 June 2022, Martin Fiennes will retire as a Director of the Company. The Board will continue to act independently of the Manager and the Directors consider that the size of the Board is adequate to meet the Company’s future needs.

The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director’s length of service reduces their ability to act independently of the Manager. As such, Thomas Chambers has been a Director of the Company for more than nine years and is still considered to be an independent Director.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Fiona Wollocombe and Thomas Chambers will offer themselves for re-election at the forthcoming AGM. As John Chiplin and Swarupa Pathakji have been appointed since the last AGM, they will be subject to election at the forthcoming AGM. Martin Fiennes will retire as a Director on 9 June 2022.

The Directors have a range of business and financial skills, including serving on the boards of other investment companies, which are relevant to the Company; these are described in the Board of Directors section of this Report, on page 22. All of the Directors have demonstrated that they have sufficient time, skill and experience to acquit their Board responsibilities and to work together effectively. Directors are provided with key information on the Company’s activities, including regulatory and statutory requirements, and internal controls, by the Manager. The Board has access to secretarial advice and compliance services by the Manager, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. The Company has in place Directors’ & Officers’ Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to gender, experience and balance of skills. Further details on the recruitment of new Directors can be found in the Nomination Committee section on pages 43 and 44.

The Board met five times during the year as part of its regular programme of Board meetings, with all Directors attending each meeting who were appointed at the time. The Board also held a separate meeting to review and update the Management Agreement for new regulatory requirements, such as GDPR and AIFMD, but did not change any commercial terms with the Manager. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme; to approve the terms and contents of the Offer documents under the Albion VCTs’ Prospectus Top Up Offers 2021/22; and to ratify the appointment of the new non-executive Directors. There is regular contact between individual members of the Board. Representatives of the Manager attend Board meetings and participate in Board discussions, other than on matters where there might be a perceived conflict of interest between the Manager and the Company.

The Chairman ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. The Board receives and considers reports regularly from the Manager and other key advisers, and ad hoc reports and

# Statement of corporate governance

continued

information are supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and its Manager sets out the matters over which the Manager has authority and limits beyond which Board approval must be sought.

The Manager has authority over the management of the investment portfolio, the organisation of custodial services, accounting, secretarial and administrative services, all of which are subject to Board oversight. The main issues reserved for the Board include:

- the appointment, evaluation, remuneration and removal of the Manager;
- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy and corporate events that arise;
- application of the principles of the AIC Code, corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the Auditor;
- approving the Annual Report and Financial Statements, the Half-yearly Financial Report, the Interim Management Statements (which the Company will continue to publish), net asset value updates (where required), and the associated announcements;
- approval of the dividend policy and payments of appropriate dividends to shareholders;
- the performance of the Company, including monitoring of the discount of share price to the net asset value;
- share buy-back and treasury share policies;
- participation in dividend re-investment schemes and Top Up Offers; and
- monitoring shareholder profile and considering shareholder communications.

Given the size, nature and complexity of the Company, the Board considers it unnecessary to establish a Management Engagement Committee.

It is the responsibility of the Board to present an Annual Report and Financial Statements that is fair, balanced and understandable, which provides the information necessary for shareholders to assess the position, performance, strategy and business model of the Company.

## Committees' and Directors' performance evaluation

Performance of the Board and the Directors is assessed on the following:

- attendance at Board and Committee meetings;
- the contribution made by individual Directors at, and outside of, Board and Committee meetings; and
- completion of a detailed internal assessment process and annual performance evaluation conducted by the Chairman. The Senior Independent Director reviews the Chairman's annual performance evaluation.

The evaluation process has consistently identified that the Board works well together and has the right balance of skills, experience, independence and knowledge for the effective governance of the Company. Diversity within the Board is achieved through the appointment of Directors with different sector experiences, skills and gender.

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Directors attend external courses and industry events which provide further experience to help them fulfil their responsibilities. The Board also undertakes a proper and thorough evaluation of its committees on an annual basis.

In light of the performance of the individual Directors and the structured performance evaluation, Fiona Wollocombe, Thomas Chambers, John Chiplin and Swarupa Pathakji are considered to be effective Directors who demonstrate strong commitment to the role. The Board believes it to be in the best interest of the Company to re-appoint these Directors at the forthcoming Annual General Meeting and has nominated Fiona Wollocombe and Thomas Chambers for re-election, and John Chiplin and Swarupa Pathakji for election accordingly. As Martin Fiennes is retiring from the Board on 9 June 2022, he is not being put forward for re-election. For more details on the specific backgrounds, skills and experience of each Director, please see the Board of Directors section on page 22.

## Remuneration Committee

In accordance with the provisions of the AIC Code issued in 2019, a Remuneration Committee was formed during the year. The Remuneration Committee consists of all Directors and Martin Fiennes is the Chairman. Following Martin Fiennes's retirement from the Board on 9 June 2022, John Chiplin will become Chairman of the Committee. The Committee meets annually to review both Directors' responsibilities and salaries against the market. The Committee held one formal meeting during the year, which was fully attended by all the members of the Committee at the time the meeting was held.

# Statement of corporate governance

continued

All Directors sit on the Remuneration Committee as their balance of skills and knowledge are relevant to the Committee's responsibilities. The terms of reference for the Remuneration Committee can be found on the Company's webpage on the Manager's website at [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) under the Corporate Governance section.

## Audit Committee

The Audit Committee consists of all Directors, with Thomas Chambers as Chairman. In accordance with the AIC Code, all members of the Audit Committee have recent and relevant financial experience, as well as experience relevant to the sector. Given the size of the Board and the complexity of the business, Fiona Wollocombe is both Chairman of the Board and a member of the Audit Committee as her background, skills and experience are relevant for the Committee's responsibilities. The Committee met twice during the year ended 31 December 2021; all members attended, except for John Chiplin and Swarupa Pathakji who were appointed on 1 November 2021.

The Independent Auditor, BDO LLP, attended the Audit Committee meeting at which the Annual Report and Financial Statements for the year ended 31 December 2021 were discussed. BDO LLP also met with the Audit Committee prior to the meeting without the presence of the Manager.

Written terms of reference have been constituted for the Audit Committee and can be found on the Company's webpage on the Manager's website at [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) under the Corporate Governance section.

During and following the year under review, the Audit Committee discharged its responsibilities including:

- formally reviewing the final Annual Report and Financial Statements and the Half-yearly Financial Report, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Manager;
- meeting with the external Auditor and reviewing their findings;
- reviewing the performance of the Manager and making recommendations regarding their re-appointment to the Board;
- highlighting specific issues relating to the Financial Statements including the reasonableness of valuations produced by the Manager, compliance with accounting standards and UK law, corporate governance and listing and disclosure rules as well as going concern and viability statements. These issues were addressed through detailed review, discussion and challenge by the Board of the matters,

as well as by reference to underlying technical information to back up the discussions. Taking into account risk factors that impact on the Company both as reflected in the annual accounts and in a detailed risk matrix, both of which are reviewed periodically in detail, including in the context of emerging risks;

- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy; and
- reporting to the Board on how it has discharged its responsibilities.

The Board, and particularly the Audit Committee, monitors closely developments in the provision of audit services and is aware that the costs of rendering audit services from most audit firms are increasing significantly, with more pressure on those firms who provide services to listed companies and for those companies operating in a regulated environment. The Board is satisfied from discussions with the current audit firm and from scrutiny of what is happening elsewhere, that BDO continues to provide the Company with an independent and expert review of its financial reporting from an audit firm with significant experience in the sector and on a competitive fee base for the work required in reporting on an extensive portfolio of unquoted investments.

The Committee also examines going concern and viability statements, using financial projections provided by the Manager on the Company and by examining the liquidity in the Company's portfolio, including cash and realisable investments, the committed costs of the Company and where liquidity might be found if required. The Audit Committee also receives regular reports on compliance with VCT status, which is subject to various internal controls and external review when investment commitments are made.

## Financial Statements

The Audit Committee has initial responsibility for reviewing the Financial Statements and reporting on any significant issues that arise in relation to the audit of the Financial Statements as outlined below. Such issues were communicated with the external Auditor with the approval of the audit strategy and at the completion of the audit of the Financial Statements. No conflicts arose between the Audit Committee and the external Auditor in respect of their work during the year.

The key accounting and reporting issues considered by the Committee were:

### *The valuation of the Company's investments*

Valuations of investments are prepared by the Manager. The Audit Committee reviewed the estimates and judgements made

# Statement of corporate governance

continued

in relation to these investments and were satisfied that they were appropriate. The Audit Committee also discussed the controls in place over the valuation of investments. The Audit Committee recommended investment valuations to the Board for approval.

## Revenue recognition

The revenue generated from loan stock interest and dividend income has been considered by the Audit Committee as part of its review of the Annual Report as well as a quarterly review of the management accounts prepared by the Manager. The Audit Committee has considered the controls in place over revenue recognition to ensure that amounts received are in line with expectation and budget.

Following detailed reviews of the Annual Report and Financial Statements and consideration of the key areas of risk identified, the Directors have concluded that, as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

## Relationship with the external Auditor

The Audit Committee reviews the performance and continued suitability of the Company's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. No non-audit services were provided during the financial year ended 31 December 2021.

As part of its work, the Audit Committee has undertaken a formal evaluation of the external Auditor against the following criteria:

- Qualification
- Expertise
- Resources
- Effectiveness
- Independence
- Leadership

In order to form a view of the effectiveness of the external audit process, the Audit Committee took into account information from the Manager regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 December 2021, and assessments made by individual Directors, using their experiences as elsewhere required.

The Audit Committee also has an annual meeting with the external Auditor, without the Manager present, at which pertinent questions are asked to help the Audit Committee determine if the Auditor's skills and approach to the annual audit and issues that arise during the course of the audit match all the

relevant and appropriate criteria for the audit to have been an effective and objective review of the Company's year-end reporting.

The core legislation mandates that the maximum period for which a firm can be appointed auditor of a public interest entity is 10 years. Member states can choose to make this period shorter, or they can choose to allow extensions: to 20 years if a competitive tender is held at the 10 year point, or to 24 years in the case of a joint audit appointment. Transition arrangements vary depending on the length of time auditors have been incumbent. BDO LLP first acted as Auditor for the year ended 31 December 2014 and therefore the last year BDO LLP can act as auditor before a mandatory tender process is required is 31 December 2023. This year is the second year that Peter Smith has acted as audit engagement partner.

Based on the assurance obtained, the Audit Committee has recommended to the Board that BDO LLP is appointed and that a resolution to this effect be proposed at the Annual General Meeting.

## Nomination Committee

In accordance with the provisions of the AIC Code issued in 2019, a Nomination Committee was formed during the year. The Nomination Committee consists of all Directors and Martin Fiennes is the Chairman. Following Martin Fiennes's retirement on 9 June 2022, John Chiplin will take over as Chairman of the Committee. All Directors sit on the Nomination Committee as their balance of skills and knowledge are relevant to the Committee's responsibilities. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board. The Board is also mindful of the importance of creating good working relationships within the Board and with external agents. The Nomination Committee reviews succession planning regularly which includes considering tenure of existing Board members, including the Chairman, and any potential skills gaps that might need to be addressed when board membership changes

The Nomination Committee held one formal meeting during the year, which was fully attended by all the members of the Committee at the time the meeting was held, and recommended to the Board that John Chiplin and Swarupa Pathakji be appointed as Directors of the Company.

# Statement of corporate governance

continued

Terms of reference for the Nomination Committee can be found on the Company's webpage on the Manager's website at [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) under the Corporate Governance section. The terms and conditions of Directors' appointment are available for inspection at the Annual General Meeting.

## Internal control

In accordance with the AIC Code, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and continues to be subject to regular review by the Board in accordance with the FRC guidance "Risk Management, Internal Control and Related Financial and Business Reporting". The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, acknowledging that such a system is designed to manage, rather than eliminate, the risks of failure to achieve the Company's business objectives, such controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, assisted by the Audit Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit Committee receives each year from the Manager a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager, and which reports the details of any known internal control failures. Steps are, and continue to be, taken to embed the system of internal control and risk management into the operations and culture of the Company and its key suppliers, and to deal with areas of improvement which come to the Manager's and the Audit Committee's attention.

The Board, through the Audit Committee, has performed a specific assessment for the purpose of this Annual Report and Financial Statements. This assessment considers all significant aspects of internal control arising during the year. The Audit Committee assists the Board in discharging its review responsibilities.

The main features of the internal control and risk management system with respect to financial reporting, implemented throughout the year are:

- segregation of duties between the preparation of valuations and recording into accounting records;
- independent third party valuations of the majority of asset-based investments within the portfolio are undertaken annually;
- reviews of valuations are carried out by the Valuations Committee and reviews of financial reports are carried out by

the operations partner of the Manager, Albion Capital Group LLP;

- bank reconciliations are carried out monthly by the Manager;
- all published financial reports are reviewed by the Manager's Compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Company reviews financial information (including valuations) to be published.

As the Board has delegated the investment management and administration to Albion Capital Group LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, it has access to Azets, which, as internal auditor for Albion Capital Group LLP from 2021, undertakes periodic examination of the business processes and controls environment at Albion Capital Group LLP, and ensures that any recommendations to implement improvements in controls are carried out. During the year, the Audit Committee and the Board reviewed internal audit reports prepared by the Manager's previous internal auditor, PKF Littlejohn LLP. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

In addition to this, Ocorian Depository (UK) Limited, the Company's external Depository, provides cash monitoring, asset verification, and oversight services to the Company and reports to the Board on a quarterly basis. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

## Conflicts of interest

Directors review the disclosure of conflicts of interest quarterly, with changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest refers to an independent Director to authorise and acknowledge those conflicts. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

## Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full in the Directors' report on page 34. The Company is not party to any significant agreements that may take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Any amendments to the Company's Articles of Association are by way of a special resolution subject to ratification by shareholders.

# Statement of corporate governance

continued

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## **Relationships with shareholders and other stakeholders**

The Company's Annual General Meeting is on 9 June 2022. The Annual General Meeting typically includes a presentation from the Manager on the portfolio and on the Company, as well as answering questions that shareholders may have. The AGM will again be live streamed this year.

Shareholders and financial advisers are able to obtain information on holdings and performance using the contact details provided on page 2.

The Company's share buy-back programme operates in the market through brokers. In order to sell shares, as they are quoted on the London Stock Exchange, investors should approach their broker to undertake the sale. Banks may be able to assist shareholders with a referral to a broker within their banking group. More information on share buy-backs can be found in the Chairman's statement on page 7.

## **Statement of compliance**

The Directors consider that the Company has complied throughout the year ended 31 December 2021 with all the relevant provisions set out in the AIC Code issued in 2019. By reporting against the AIC Code, the Board are meeting their obligations in relation to the 2018 UK Corporate Governance Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules). The Directors also consider that they are complying with their statutory responsibilities and other regulatory provisions which have a bearing on the Company.

For and on behalf of the Board

## **Fiona Wollocombe**

Chairman

24 March 2022

# Directors' remuneration report

## Introduction

This report is submitted in accordance with Section 420 of the Companies Act 2006 and describes how the Board has applied the principles relating to the Directors' remuneration.

An ordinary resolution will be proposed at the Annual General Meeting of the Company to be held on 9 June 2022 for the approval of the Directors' remuneration report as set out below. The current remuneration policy was approved by shareholders (97.0% of shareholders voted for the resolution, 3.0% against the resolution, and of the total votes cast, 637,852 votes (being 0.2% of total voting rights) were withheld) at the Annual General Meeting held on 15 June 2020, and it will remain in place for a three year period. It will be next put to shareholders at the 2023 AGM.

The Company's independent Auditor, BDO LLP, is required to give its opinion on certain information included in this report as indicated below. The Auditor's opinion is included in the Independent Auditor's Report.

## Annual statement from the Chairman of the Remuneration Committee

The Remuneration Committee comprises all Directors with Martin Fiennes as Chairman. Following Martin Fiennes's retirement on 9 June 2022 John Chiplin will become Chairman of the Committee.

The Remuneration Committee met once during the year and once after the year end to review Directors' responsibilities and fees against the market. The meeting after the year end concluded that the current level of remuneration, which was last increased in January 2019, should be increased to remain competitive and reflective of the workload and responsibilities required from the Directors. The Committee agreed to raise the fee for the Chairman to £27,500 from £24,000, the Chairman of the Audit Committee to £25,500 from £23,000 and all other Directors to £23,500 from £22,000. The change in remuneration took place from 1 January 2022 and is in line with the remuneration policy detailed below.

## Directors' remuneration policy

The Company's policy is that fees payable to non-executive Directors should reflect their expertise, responsibilities and time spent on Company matters and should be sufficient to enable candidates of high calibre to be recruited. In determining the level of non-executive Directors' remuneration, market equivalents are considered in comparison to the overall activities and size of the Company. There is no performance related pay criteria applicable to non-executive Directors.

The current maximum aggregate level of non-executive Directors' remuneration is £125,000 per annum which is fixed by the Company's Articles of Association.

The AIC Code requires that all Directors submit themselves for re-election annually, therefore in accordance with the AIC Code, Fiona Wollocombe and Thomas Chambers will offer themselves for re-election at the forthcoming Annual General Meeting. As John Chiplin and Swarupa Pathakji were appointed since the last Annual General Meeting, they will offer themselves for election at the forthcoming Annual General Meeting. Martin Fiennes will retire as a Director on 9 June 2022 and is not being put forward for re-election accordingly.

None of the Directors have a service contract with the Company, and as such there is no policy on termination payments. There is no notice period and no payments for loss of office were made during the year. On being appointed to the Board, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. The Company has no employees other than the Directors.

Shareholders' views in respect of Directors' remuneration are regarded highly and the Board encourages shareholders to participate in its Annual General Meeting in order to communicate their thoughts, which it takes into account where appropriate when formulating its policy. At the last Annual General Meeting, 97.2% of shareholders voted for the resolution approving the Directors' remuneration report, 2.8% against the resolution and of the total votes cast, 687,286 (being 0.2% of total voting rights) were withheld, which showed significant shareholder support.

## Annual report on remuneration

The remuneration of individual Directors' is determined by the Remuneration Committee within the framework set by the Board. The Committee meets at least once a year and met once during the year under review with full attendance from all of its members at the time of the meeting.

The Board is responsible for reviewing the remuneration of the Directors and the Company's remuneration policy to ensure that it reflects the duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly.

# Directors' remuneration report continued

## Directors' remuneration

The following items have been audited.

The following table shows an analysis of the remuneration, excluding National Insurance, of individual Directors who served during the year:

	31 December 2019	31 December 2020	31 December 2021	Percentage change 2020 to 2021
	£'000	£'000	£'000	%
F Wollocombe (appointed Chairman on 10 June 2021)	14.7	22.0	23.1	5.0
T W Chambers (Audit Committee Chairman)	23.0	23.0	23.0	–
J Chiplin (appointed 1 November 2021)	–	–	3.7	n/a
M G Fiennes	22.0	22.0	22.0	–
S Pathakji (appointed 1 November 2021)	–	–	3.7	n/a
R A Field (retired 10 June 2021)	24.0	24.0	10.5	(56.3)
	83.7	91.0	86.0	(5.5)

There has been no increase in the base remuneration of each of the Directors' positions during the year. The changes from the prior year are due to Fiona Wollocombe's fees being pro-rated as she was appointed Chairman part way through the year, John Chiplin and Swarupa Pathakji's fees being pro-rated as they were appointed part way through the year and Robin Field's fees being pro-rated as he retired part way through the year.

The Directors' remuneration for the year ending 31 December 2022 is expected to be approximately £111,000.

In addition to Directors' remuneration, the Company pays an annual premium in respect of Directors' & Officers' Liability Insurance of £26,000 (2020: £15,500). The increase has been due to changes in the market for the provision of insurance, and is in line with the increases seen across the wider Directors' & Officers' Liability Insurance market.

The Company does not confer any share options, long term incentives or retirement benefits to any Director, nor does it make a contribution to any pension scheme on behalf of the Directors.

Directors' remuneration is paid to the Director personally through the Manager's payroll and subsequently recharged to the Company.

## Directors' interests

The Directors who held office throughout the year and their interests in the issued Ordinary shares of the Company (together with those of their immediate family) are shown below:

	Shares held at 31 December 2021	Shares held at 31 December 2020
F Wollocombe	225,872	110,132
T W Chambers	619,608	519,113
J Chiplin (appointed 1 November 2021)	–	n/a
M G Fiennes	225,092	132,500
S Pathakji (appointed 1 November 2021)	–	n/a
R A Field (retired 10 June 2021)	n/a	1,792,681
	1,070,572	2,554,426

After the year end, Fiona Wollocombe and Thomas Chambers subscribed for new shares under the Albion VCTs Prospectus Top Up Offers 2021/22 and were issued with 42,553 and 21,276 shares respectively as part of the 25 February 2022 allotment.

There are no guidelines or requirements in respect of Directors' share holdings.

The following items have not been audited.

Albion Capital Group LLP, its partners and staff hold 1,943,803 Ordinary shares in the Company as at 31 December 2021. After the year end, Albion Capital Group LLP, its partners and staff subscribed for new shares under the Albion VCTs Prospectus Top Up Offers 2021/22 and were issued with 754,425 shares as part of the 25 February 2022 allotment.

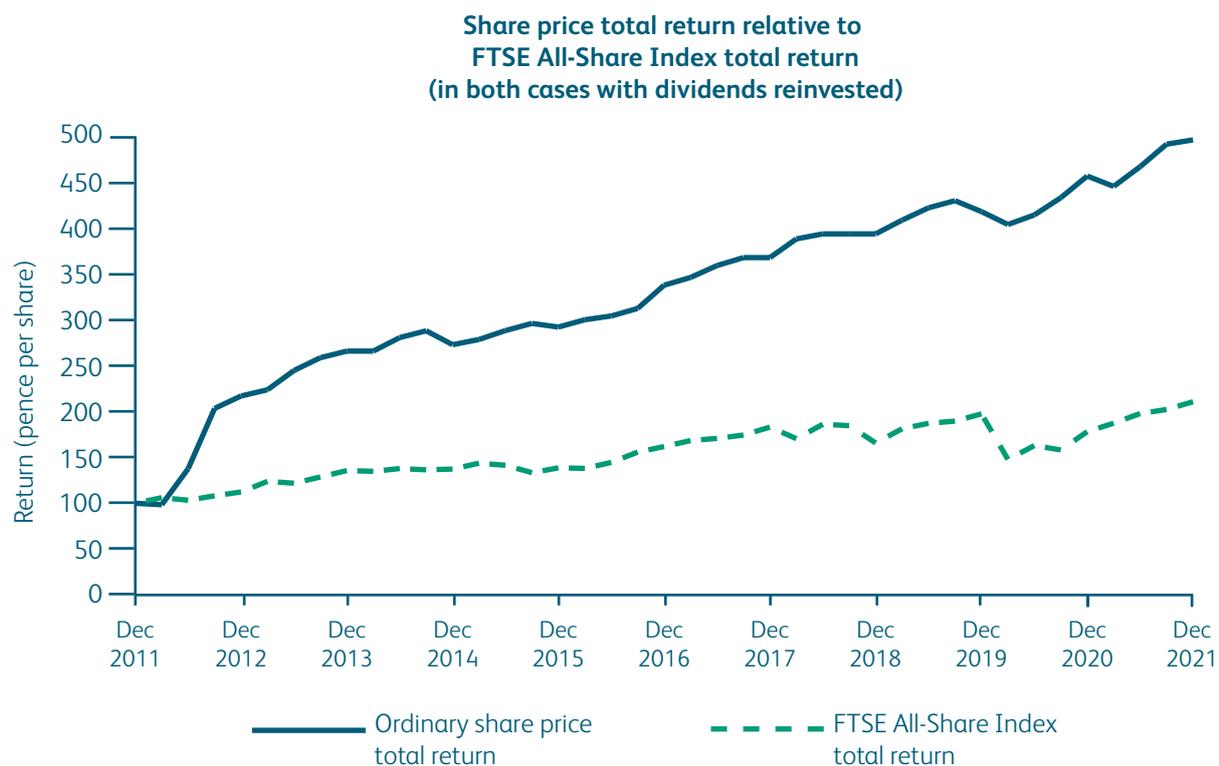
All of the Directors' share interests shown above (together with those of their immediate family) were held beneficially and no right to subscribe for shares in the Company was granted to, or exercised by, any Director during the year.

## Performance

The graph that follows shows the Company's Ordinary share price total return against the FTSE All-Share Index total return, in both instances with dividends reinvested, since 1 January 2012. The Directors consider the FTSE All-Share Index to be the most appropriate benchmark for the Company as it contains a large range of sectors within the UK economy similar to a generalist VCT. Investors should, however, be reminded that shares in VCTs generally trade at a discount to the actual net asset value of the Company.

There are no options, issued or exercisable, in the Company which would distort the graphical representation.

# Directors' remuneration report continued



Methodology: The share price return to the shareholder, including original amount invested (rebased to 100), assuming that dividends were re-invested at the share price of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

## Directors' pay compared to distribution to shareholders

	2021 £'000	2020 £'000	Percentage change
Total dividend distribution to shareholders	<b>10,314</b>	4,166	<b>148%</b>
Share buybacks	<b>1,709</b>	1,100	<b>55%</b>
Total Directors' fees*	<b>86</b>	91	<b>(5%)</b>

\* As part of the Board's succession planning, the Director's fees for 2021 include a five-month period when one of the Directors had retired but two new Directors had not yet been appointed.

For and on behalf of the Board

## Fiona Wollocombe

Chairman

24 March 2022

# Independent Auditor's report to the members of Kings Arms Yard VCT PLC

## Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Kings Arms Yard VCT PLC (the 'Company') for the year ended 31 December 2021 which comprise the Income statement, the Balance sheet, the Statement of changes in equity, the Statement of cashflows 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 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 8 years, covering the years ended 31 December 2014 to 31 December 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have

fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

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

- Obtaining the VCT compliance reports 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;
- Reviewing and challenging the forecasted cash flows that support the Directors' assessment of going concern, taking into account the current levels of cash and considering the discretionary nature of the Company's significant cash outflows;
- Considering the impact of market volatility and uncertainty, including as a result of the impact of Russian aggression in Ukraine; and
- Calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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		2021	2020
<b>Key audit matters</b>			
	Valuation of Unquoted Investments	✓	✓
<b>Materiality</b>	Company financial statements as a whole £1,700,000 (2020: £1,390,000) based on 2% of net assets adjusted to exclude for fundraising during the year (2020: 2% of gross investments)		

# Independent Auditor's report to the members of Kings Arms Yard VCT PLC continued

## 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
<p><b>Valuation of investments (Note 1 and 10 to the financial statements)</b></p> <p>There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting of both equity and loan stock instruments.</p> <p>The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 4.</p> <p>As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.</p>	<p>For the unquoted portfolio, we performed the following:</p> <ul style="list-style-type: none"> <li>– Considered whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Where there has been a change in valuation methodology from prior year, we assessed whether the change was appropriate.</li> <li>– Considered the change in market multiples and discount applied from prior year and if these were supported by the performance of the underlying investment.</li> <li>– Ensured that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation.</li> </ul> <p>Further, for a sample representing 76% of the portfolio, we performed the additional procedures:</p> <ul style="list-style-type: none"> <li>• Re-performed the calculation of the investment.</li> <li>• Verified and benchmarked key inputs and estimates to independent information from our own research valuations and against metrics from the most recent investments.</li> <li>• Challenged the assumptions inherent to valuation of unquoted investments and assessment of impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements.</li> <li>• Where a valuation has been performed by a third party management's expert, we have assessed the competence and capabilities of that expert, the quality of their work and their qualifications, as well as challenging the basis of inputs and assumptions used by the expert. We have also considered any updates for subsequent information to the valuation made by the investment manager and obtained appropriate evidence for those changes.</li> </ul>

# Independent Auditor's report to the members of Kings Arms Yard VCT PLC continued

Key Audit Matter	How the scope of our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Where appropriate, performing sensitivity analysis on the valuation calculations where there is sufficient evidence to suggest reasonable alternative inputs might exist.</li> <li>• For investments valued using net assets, cost (where the investment was recently acquired), the price of a recent investment, or an offer to acquire the investee company, we checked the cost, net assets or third party offer to supporting evidence, reviewed the calibration of fair value and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 December 2021. This is particularly pertinent in those circumstances where the impact of COVID-19 subsequent to the transaction data may call into question whether the price of recent investment remains reflective of fair value.</li> </ul> <p>For a sample of loans held at fair value included above, we:</p> <ul style="list-style-type: none"> <li>• Vouched security held to documentation.</li> <li>• Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept.</li> <li>• Reviewed the treatment of accrued redemption premium/other fixed returns in line with the SORP.</li> </ul> <p><b>Key observations:</b></p> <p>Based on the procedures performed we noted that the methodology and assumptions used by the Investment Manager were appropriate and the calculations were supported by the evidence obtained.</p>

# Independent Auditor's report to the members of Kings Arms Yard VCT PLC continued

## Our application of materiality

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

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

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

	Company Financial statements	
	2021	2020
<b>Materiality</b>	£1,700,000	£1,390,000
<b>Basis for determining materiality</b>	2% of net assets adjusted to exclude 2% of gross investments for fundraising during the year	
<b>Rationale for the benchmark applied</b>	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of adjusted net asset value. The benchmark used is lower than the net asset value to take into account cash that has been recently raised.	
<b>Performance materiality</b>	£1,275,000	£1,040,000
<b>Basis for determining performance materiality</b>	75% of 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.	

## Lower threshold

Revenue return could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. Thus, we have set a lower testing threshold for those items impacting revenue return of £170,000 which is based on 5% of gross expenditure (2020: £90,000).

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £34,000 (2020: £20,000). 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 and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

# Independent Auditor's report to the members of Kings Arms Yard VCT PLC continued

## Corporate Governance statement

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

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

## Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties; and
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.

## Other Code provisions

- Directors' statement on fair, balanced and understandable
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems and
- The section describing the work of the audit committee

## Other Companies Act 2006 reporting

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

## Strategic report and Directors' report

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

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

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

## Directors' remuneration

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

## Matters on which we are required to report by exception

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

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

## Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Company's and 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.

# Independent Auditor's report to the members of Kings Arms Yard VCT PLC continued

## *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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in November 2014 and updated in February 2018 with consequential amendments and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management of any known, reported or indications of non-compliance with laws and regulations including fraud occurring within the Company and its operations; and
- review of minutes of board meetings throughout the period for any indications of non-compliance with laws and regulation and instances of fraud.

Our audit work focussed on the valuation of unquoted investments, where the risk of material misstatement due to fraud is the greatest as described in the Key Audit Matters section above. We also:

- Obtained independent evidence to support the ownership of investments;
- Recalculated investment management fees in total; and
- Obtained independent confirmation of bank balances.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

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

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

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

## **Use of our report**

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

**Peter Smith** (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
24 March 2022

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

# Income statement

	Note	Year ended 31 December 2021			Year ended 31 December 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	2	–	18,327	18,327	–	3,333	3,333
Investment income	3	1,106	–	1,106	1,922	–	1,922
Investment Manager's fees**	4	(196)	(2,782)	(2,978)	(377)	(1,132)	(1,509)
Other expenses	5	(440)	–	(440)	(362)	–	(362)
<b>Profit on ordinary activities before tax</b>		<b>470</b>	<b>15,545</b>	<b>16,015</b>	1,183	2,201	3,384
Tax on ordinary activities	7	–	–	–	–	–	–
<b>Profit and total comprehensive income attributable to shareholders</b>		<b>470</b>	<b>15,545</b>	<b>16,015</b>	1,183	2,201	3,384
<b>Basic and diluted return per share (pence)*</b>	9	<b>0.11</b>	<b>3.61</b>	<b>3.72</b>	0.32	0.59	0.91

\*adjusted for treasury shares

\*\*For more information on the allocation of the split between revenue and capital please see the accounting policies on page 60.

The accompanying notes on pages 59 to 73 form an integral part of these Financial Statements.

The total column of this Income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice.

# Balance sheet

	Note	31 December 2021 £'000	31 December 2020 £'000
<b>Fixed assets investments</b>	10	<b>66,996</b>	69,652
<b>Current assets</b>			
Trade and other receivables	12	2,669	1,293
Cash and cash equivalents		33,845	11,266
		<b>36,514</b>	12,559
<b>Total assets</b>		<b>103,510</b>	82,211
<b>Payables: amounts falling due within one year</b>			
Trade and other payables	13	(1,679)	(502)
<b>Total assets less current liabilities</b>		<b>101,831</b>	81,709
<b>Equity attributable to equity holders</b>			
Called-up share capital	14	5,103	4,346
Share premium		60,854	45,481
Capital redemption reserve		11	11
Unrealised capital reserve		29,199	16,786
Realised capital reserve		4,796	9,322
Other distributable reserve		1,868	5,763
<b>Total equity shareholders' funds</b>		<b>101,831</b>	81,709
<b>Basic and diluted net asset value per share (pence)*</b>	15	<b>23.05</b>	21.84

\*excluding treasury shares

The accompanying notes on pages 59 to 73 form an integral part of these Financial Statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 24 March 2022 and were signed on its behalf by:

**Fiona Wollocombe**  
Chairman

**Company number: 03139019**

# Statement of changes in equity

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>At 1 January 2021</b>	<b>4,346</b>	<b>45,481</b>	<b>11</b>	<b>16,786</b>	<b>9,322</b>	<b>5,763</b>	<b>81,709</b>
Profit and total comprehensive income for the period	-	-	-	15,134	411	470	16,015
Transfer of previously unrealised gains on disposal of investments	-	-	-	(2,721)	2,721	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,709)	(1,709)
Issue of equity	757	15,769	-	-	-	-	16,526
Cost of issue of equity	-	(396)	-	-	-	-	(396)
Dividends paid	-	-	-	-	(7,658)	(2,656)	(10,314)
<b>At 31 December 2021</b>	<b>5,103</b>	<b>60,854</b>	<b>11</b>	<b>29,199</b>	<b>4,796</b>	<b>1,868</b>	<b>101,831</b>
<b>At 1 January 2020</b>	<b>3,883</b>	<b>35,825</b>	<b>11</b>	<b>14,707</b>	<b>9,200</b>	<b>9,830</b>	<b>73,456</b>
Profit/(loss) and total comprehensive income for the period	-	-	-	3,013	(812)	1,183	3,384
Transfer of previously unrealised gains on disposal of investments	-	-	-	(934)	934	-	-
Purchase of own shares for treasury	-	-	-	-	-	(1,100)	(1,100)
Issue of equity	462	9,892	-	-	-	-	10,354
Cost of issue of equity	-	(236)	-	-	-	-	(236)
Dividends paid	-	-	-	-	-	(4,150)	(4,150)
<b>At 31 December 2020</b>	<b>4,346</b>	<b>45,481</b>	<b>11</b>	<b>16,786</b>	<b>9,322</b>	<b>5,763</b>	<b>81,709</b>

\*These reserves includes an amount of £5,322,000 (2020: £15,085,000) which is considered distributable. The Company obtained authority to cancel the amount standing to the credit of its share premium and capital redemption reserves at the General Meeting on 25 November 2021. The proposal received the consent of the Court on 11 January 2022, and the changes have been registered at Companies House. As at the date of this Report, an additional £27,907,000 is considered distributable and over the next three years an additional £32,958,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders.

The accompanying notes on pages 59 to 73 form an integral part of these Financial Statements.

# Statement of cash flows

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Cash flow from operating activities</b>		
Investment income received	1,681	1,467
Deposit interest received	3	25
Dividend income received	42	220
Investment Manager's fees paid	(1,816)	(1,499)
Other cash payments	(427)	(359)
UK corporation tax paid	–	–
<b>Net cash flow from operating activities</b>	<b>(517)</b>	<b>(146)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed asset investments	(7,628)	(3,990)
Disposal of fixed asset investments	26,619	639
<b>Net cash flow from investing activities</b>	<b>18,991</b>	<b>(3,351)</b>
<b>Cash flow from financing activities</b>		
Issue of share capital	14,628	9,588
Cost of issue of equity	(37)	(4)
Purchase of own shares (including costs)	(1,709)	(1,100)
Equity dividends paid*	(8,777)	(3,588)
<b>Net cash flow from financing activities</b>	<b>4,105</b>	<b>4,896</b>
<b>Increase in cash and cash equivalents</b>	<b>22,579</b>	<b>1,399</b>
Cash and cash equivalents at start of the year	11,266	9,867
<b>Cash and cash equivalents at end of the year</b>	<b>33,845</b>	<b>11,266</b>

\* The equity dividends paid shown in the cash flow are different to the dividends disclosed in note 8 as a result of the non-cash effect of the Dividend Reinvestment Scheme.

The accompanying notes on pages 59 to 73 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1. Accounting policies

### Basis of accounting

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC"). The Financial Statements have been prepared on a going concern basis and further details can be found in the Directors' report on pages 34 and 35.

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL") in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines as updated in 2018 and further detail on the valuation techniques used are outlined below.

Company information can be found on page 2.

### Fixed asset investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20% of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are designated by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

Subsequently, the investments are valued at 'fair value', which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations.
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, revenue multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry

valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.

- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
  - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
  - a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
  - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the Income statement when a share becomes ex-dividend.

### Current assets and payables

Receivables (including debtors due after more than one year), payables and cash are carried at amortised cost, in accordance with FRS 102. Debtors due after more than one year meet the definition of a financing transaction held at amortised cost, and interest will be recognised through capital over the credit period using the effective interest method. There are no financial liabilities other than payables.

### Investment income

#### Equity income

Dividend income is included in revenue when the investment is quoted ex-dividend.

#### Unquoted loan stock income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

#### Bank interest income

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

## 1. Accounting policies (continued)

### Investment management fee, performance incentive fee and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the other distributable reserve except the following which are charged through the realised capital reserve:

- 90% of management fees and 100% of performance incentive fees if any, are allocated to the realised capital reserve. This changed from 75% for both management fees and performance incentive fees in the year ended 31 December 2020, to better align with the Board's expectation that over the long term the majority of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

### Taxation

Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT for the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

### Share capital and reserves

#### *Called-up share capital*

This reserve accounts for the nominal value of the shares.

#### *Share premium*

This reserve accounts for the difference between the price paid for the Company's shares and the nominal value of those shares, less issue costs.

#### *Capital redemption reserve*

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

#### *Unrealised capital reserve*

Increases and decreases in the valuation of investments held at the year end against cost are included in this reserve.

#### *Realised capital reserve*

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments or permanent diminution in value (including gains recognised on the realisation of investment where consideration is deferred and not distributable as a matter of law);
- finance income in respect of the unwinding of the discount on deferred consideration that is not distributable as a matter of law;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders where paid out by capital.

#### *Other distributable reserve*

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares and other non-capital realised movements.

### Dividends

Dividends by the Company are accounted for when the liability to make the payment (record date) has been established.

### Going concern

The Board has assessed the Company's operation as a going concern. The Company has sufficient cash and liquid resources, its portfolio of investments is well diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Cash flow forecasts are discussed quarterly at Board level with regards to going concern. The cash flow forecasts have been updated and stress tested. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence over a period of at least twelve months from the date of approval of the Financial Statements. For this reason, the Directors have adopted the going concern basis in preparing the accounts. The Directors do not consider there to be any material uncertainty over going concern.

### Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in smaller companies principally based in the UK.

# Notes to the Financial Statements continued

## 2. Gains on investments

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Unrealised gains on fixed asset investments	15,134	3,013
Realised gains on fixed asset investments	3,001	320
Unwinding of discount on deferred consideration	192	–
	<u>18,327</u>	<u>3,333</u>

## 3. Investment income

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loan stock interest	1,061	1,678
Dividend income	42	220
Bank interest	3	24
	<u>1,106</u>	<u>1,922</u>

## 4. Investment Manager's fees

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Investment management fee charged to revenue	196	377
Investment management fee charged to capital	1,765	1,132
Performance incentive fee charged to capital	1,017	–
	<u>2,978</u>	<u>1,509</u>

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid is given in the Strategic report on pages 12 and 13.

During the year, £1,961,000 (2020: £1,509,000) of management fees and £50,000 (2020: £50,000) of administration fees were purchased by the Company from Albion Capital Group LLP. Following the outperformance of the performance incentive fee hurdle, the Manager was entitled to a performance incentive fee of £1,017,000 (2020: £nil) which has been accrued at the year end. At the financial year end, the amount due to Albion Capital Group LLP in respect of these services disclosed within payables was £1,563,000 (2020: £400,000).

Albion Capital Group LLP is, from time-to-time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the year ended 31 December 2021, fees of £202,000 (2020: £183,000) attributable to the investments of the Company were paid pursuant to these arrangements.

Albion Capital Group LLP, its partners and staff hold 1,943,803 Ordinary shares in the Company as at 31 December 2021. After the year end, Albion Capital Group LLP, its partners and staff subscribed for new shares under the Albion VCTs Prospectus Top Up Offers 2021/22 and were issued with 754,425 shares as part of the 25 February 2022 allotment.

The Company has entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital will receive a fee of 2.5% of the gross proceeds of the Offers and out of which Albion Capital will pay the costs of the Offers, as detailed in the Prospectus.

# Notes to the Financial Statements continued

## 5. Other expenses

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Directors' fees (inc. NIC)	93	99
Auditor's remuneration for statutory audit services (excluding VAT)	37	31
Secretarial and administration fee	50	50
Other administrative expenses	260	182
	<u>440</u>	<u>362</u>

## 6. Directors' fees

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Directors' fees	86	91
National insurance	7	8
	<u>93</u>	<u>99</u>

The Company's key management personnel are the Directors. Further information regarding Directors' remuneration can be found in the Directors' remuneration report on page 47.

## 7. Tax on ordinary activities

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
UK Corporation tax payable	-	-
	<u>-</u>	<u>-</u>
	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Reconciliation of profit on ordinary activities to taxation charge</b>		
Return on ordinary activities before taxation	16,015	3,384
Tax charge on profit at the effective UK corporation tax rate of 19.00% (2020: 19.00%)	3,043	643
Effects of:		
Non-taxable gains	(3,482)	(633)
Non-taxable income	(8)	(42)
Unutilised management expenses	447	32
	<u>-</u>	<u>-</u>

The tax charge for the year shown in the Income statement is lower than the effective rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained above.

The Company has excess management expenses of £13,933,000 (2020: £11,601,000) that are available for offset against future profits. A deferred tax asset of £3,483,000 (2020: £2,204,000) has not been recognised in respect of those losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

# Notes to the Financial Statements continued

## 8. Dividends

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
First interim dividend of 0.60 pence per share paid on 30 April 2021 (30 April 2020: 0.60 pence per share)	2,656	2,256
Second interim dividend of 0.60 pence per share paid on 29 October 2021 (30 October 2020: 0.51 pence per share)	2,641	1,910
Special dividend of 1.14 pence per share paid on 29 October 2021	5,017	–
Unclaimed dividends returned to the Company	–	(16)
	10,314	4,150

The Directors have declared a first interim dividend of 0.58 pence per share for the year ending 31 December 2022, which will amount to approximately £2,742,000. This dividend will be paid on 29 April 2022 to shareholders on the register on 8 April 2022.

During the year, no unclaimed dividends older than twelve years (2020: £16,000) were returned to the Company in accordance with the terms of the Articles of Association.

## 9. Basic and diluted return per share

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to shareholders (£'000)	470	15,545	16,015	1,183	2,201	3,384
Weighted average shares in issue (adjusted for treasury shares)		430,659,192			372,282,416	
Return attributable per equity share (pence)	0.11	3.61	3.72	0.32	0.59	0.91

The weighted average number of Ordinary shares is calculated after adjusting for treasury shares of 68,609,325 (2020: 60,491,609).

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return per share are the same.

## 10. Fixed asset investments

	31 December 2021 £'000	31 December 2020 £'000
<b>Investments held at fair value through profit or loss</b>		
Unquoted equity and preference shares	55,694	51,072
Quoted equity	936	–
Unquoted loan stock	10,366	18,580
	66,996	69,652

# Notes to the Financial Statements continued

## 10. Fixed asset investments (continued)

	31 December 2021 £'000	31 December 2020 £'000
<b>Opening valuation</b>	<b>69,652</b>	63,960
Purchases at cost	6,590	3,991
Disposal proceeds	(26,760)	(1,842)
Realised gains	3,001	320
Movement in loan stock accrued income	(621)	210
Movement in unrealised gains	15,134	3,013
<b>Closing valuation</b>	<b>66,996</b>	69,652
<b>Movement in loan stock accrued income</b>		
Opening accumulated loan stock accrued income	789	579
Movement in loan stock accrued income	(621)	210
<b>Closing accumulated loan stock accrued income</b>	<b>168</b>	789
<b>Movement in unrealised gains</b>		
Opening accumulated unrealised gains	16,774	14,695
Transfer of previously unrealised gains to realised reserve on disposal of investments	(2,721)	(934)
Movement in unrealised gains	15,134	3,013
<b>Closing accumulated unrealised gains</b>	<b>29,187</b>	16,774
<b>Historical cost basis</b>		
Opening book cost	52,089	48,686
Purchases at cost	6,590	3,991
Sales at cost	(21,038)	(588)
<b>Closing book cost</b>	<b>37,641</b>	52,089

Purchases and disposals detailed above may not agree to purchases and disposals in the Statement of cash flows due to restructuring of investments, conversion of convertible loan stock and settlement of receivables and payables.

Amounts shown as cost represent the acquisition cost in the case of investments made by the Company and/or the valuation attributed to the investments acquired from other VCTs at the dates of merger, plus any subsequent acquisition cost.

The Company does not hold any assets as the result of the enforcement of security during the period, and believes that the carrying values for both impaired and past due assets are covered by the value of security held for these loan stock investments.

# Notes to the Financial Statements continued

## 10. Fixed asset investments (continued)

Fixed asset investments are valued at fair value in accordance with the IPEV guidelines as follows:

Valuation methodology	31 December 2021 £'000	31 December 2020 £'000
Revenue multiple	26,235	20,597
Cost and price of recent investment (reviewed for impairment or uplift)	24,033	14,585
Third party valuation – Discounted cash flow	10,710	11,413
Discounted offer price	4,654	19,252
Bid price	936	–
Net assets	428	653
Earnings multiple	–	3,152
	66,996	69,652

When using the cost or price of recent investment in the valuations, the Company looks to re-calibrate this price at each valuation point by reviewing progress within the investment, comparing against the initial investment thesis, assessing if there are any significant events or milestones that would indicate the value of the investment has changed and considering whether a market-based methodology (i.e. Using multiples from comparable public companies) or a discounted cashflow forecast would be more appropriate.

The main inputs into the calibration exercise, and for the valuation models using multiples, are revenue, EBITDA and P/E multiples (based on the most recent revenue, EBITDA or earnings achieved and equivalent corresponding revenue, EBITDA or earnings multiples of comparable companies), quality of earnings assessments and comparability difference adjustments. Revenue multiples are often used, rather than EBITDA or earnings, due to the nature of the Company's investments, being in growth and technology companies which are not normally expected to achieve profitability or scale for a number of years. Where an investment has achieved scale and profitability the Company would normally then expect to switch to using an EBITDA or earnings multiple methodology.

In the calibration exercise and in determining the valuation for the Company's equity instruments, comparable trading multiples are used. In accordance with the Company's policy, appropriate comparable companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings. The trading multiple is then adjusted for considerations such as illiquidity, marketability and other differences, advantages and disadvantages between the portfolio company and the comparable public companies based on company specific facts and circumstances.

Fair value investments had the following movements between valuation methodologies between 31 December 2020 and 31 December 2021:

Change in valuation methodology (2020 to 2021)	Value as at 31 December 2021 £'000	Explanatory Note
Cost and price of recent investment (reviewed for impairment or uplift) to discounted offer price	2,729	Third party offers received
Cost and price of recent investment (reviewed for impairment or uplift) to revenue multiple	2,366	Revenue multiple more relevant based on current trading
Revenue multiple to discounted offer price	1,924	Third party offer received
Revenue multiple to cost and price of recent investment (reviewed for impairment or uplift)	1,423	Recent funding round
Net assets to bid price	936	IPO listing
Earnings multiple to net assets	204	More relevant valuation methodology
Cost and price of recent investment (reviewed for impairment or uplift) to net assets	12	Covid-19 impact on portfolio company has lead to revaluation

# Notes to the Financial Statements continued

## 10. Fixed asset investments (continued)

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV Guidelines. The Directors believe that, within these parameters, these are the most appropriate methods of valuation as at 31 December 2021.

FRS 102 and the SORP requires the Company to disclose the inputs to the valuation methods applied to its investments measured at FVTPL in a fair value hierarchy. The table below sets out fair value hierarchy definitions using FRS 102 s.11.27.

Fair value hierarchy	Definition
Level 1	The unadjusted quoted price in an active market
Level 2	Inputs to valuations are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations not based on observable market data

Quoted investments are valued according to Level 1 valuation methods. Unquoted equity, preference shares and loan stock are all valued according to Level 3 valuation methods.

Investments held at fair value through profit or loss (Level 3) had the following movements:

	31 December 2021 £'000	31 December 2020 £'000
Opening valuation	69,652	63,960
Purchases at cost	6,590	3,991
Movement from Level 3 to Level 1*	(304)	–
Unrealised gains	14,502	3,013
Movement in loan stock accrued income	(621)	210
Realised net gains on disposal	3,001	320
Disposal proceeds	(26,760)	(1,842)
Closing valuation	<u>66,060</u>	<u>69,652</u>

\*This relates to Arecor Therapeutics PLC, which listed on the AIM stock exchange during the period.

The Directors are required to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. 58% of the portfolio of investments, consisting of equity and loan stock, is based on recent investment price, discounted offer price, net assets and cost, and as such the Board believe that changes to reasonable possible alternative input assumptions (by adjusting the earnings and revenue multiples) for the valuation of the remainder of the portfolio could lead to a significant change in the fair value of the portfolio. Therefore, for the remainder of the portfolio, the Board has adjusted the inputs for a number of the largest portfolio companies (by value) resulting in a total coverage of 82% of the portfolio of investments. The main inputs considered for each type of valuation is as follows:

Valuation technique	Portfolio company sector	Input	Base Case*	Change in input	Change in fair value of investments (£'000)	Change in NAV (pence per share)
Revenue multiple	Healthcare (including digital healthcare)	Revenue multiple	5.2x	+0.5x	853	0.19
				-0.5x	(853)	(0.19)
Revenue multiple	Software and other technology	Revenue multiple	6.0x	+0.5x	542	0.12
				-0.5x	(542)	(0.12)
Third party valuation – Discounted cash flow	Renewable energy	Discount rate	5.5%	-0.5%	110	0.02
				+0.5%	(99)	(0.02)

\*As detailed in the accounting policies on page 59, the base case is based on market comparables, discounted where appropriate for marketability, in accordance with the IPEV guidelines.

The impact of these changes could result in an overall increase in the valuation of the equity investments by £1,505,000 (2.7%) or a decrease in the valuation of equity investments by £1,494,000 (2.7%).

# Notes to the Financial Statements continued

## 11. Significant holdings

The principal activity of the Company is to select and hold a portfolio of investments in unquoted securities. Although the Company, through the Manager, will, in some cases, be represented on the board of the portfolio company, it will not ordinarily take a controlling interest or become involved in the management. The size and structure of companies with unquoted securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

The Company has interests of greater than 20% of the nominal value of any class (some of which are non-voting) of the allotted shares in the portfolio companies as at 31 December 2021 as described below. The investments listed below are held as part of an investment portfolio and therefore, as permitted by FRS 102, they are measured at fair value and are not accounted for using the equity method.

Company	Registered address and country of incorporation	Profit/(loss) before tax £'000	Aggregate capital and reserves £'000	% class and share type	% total voting rights
Academia Inc.	CA 94108, USA	n/a	n/a	23.2% Preferred shares	3.0%
Sift Limited	BS1 4EX, UK	38	112	42.1% Ordinary shares	42.1%

## 12. Current assets

	31 December 2021 £'000	31 December 2020 £'000
<b>Trade and other receivables</b>		
Other receivables	1,038	–
Prepayments and accrued income	24	19
Deferred consideration under one year	263	124
Deferred consideration over one year	1,342	1,150
	<b>2,669</b>	<b>1,293</b>

The deferred consideration over one year relates to the sale of G. Network Communications Limited in December 2020. These proceeds are receivable in January 2024, and have been discounted to present value at the prevailing market rate, including a provision for counterparty risk. This constitutes a financing transaction, and has been accounted for using the policy disclosed in note 1.

The Directors consider that the carrying amount of receivables is not materially different to their fair value.

## 13. Payables: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Trade payables	8	15
Accruals and deferred income	1,671	487
	<b>1,679</b>	<b>502</b>

The Directors consider that the carrying amount of payables is not materially different to their fair value.

# Notes to the Financial Statements continued

## 14. Called-up share capital

Allotted, called-up and fully paid	£'000
434,557,477 Ordinary shares of 1 penny each at 31 December 2020	4,346
75,754,056 Ordinary shares of 1 penny each issued during the year	757
<b>510,311,533 Ordinary shares of 1 penny each at 31 December 2021</b>	<b>5,103</b>
60,491,609 Ordinary shares of 1 penny each held in treasury at 31 December 2020	(605)
8,117,716 Ordinary shares purchased during the year to be held in treasury	(81)
<b>68,609,325 Ordinary shares of 1 penny each held in treasury at 31 December 2021</b>	<b>(686)</b>
<b>441,702,208 Ordinary shares of 1 penny each in circulation* at 31 December 2021</b>	<b>4,417</b>

\*Carrying one vote each

During the year the Company purchased 8,117,716 Ordinary shares (2020: 5,768,609) representing 1.6% of the issued Ordinary share capital as at 31 December 2021, at a cost of £1,709,000 (2020: £1,100,000), including stamp duty, to be held in treasury. The Company holds a total of 68,609,325 Ordinary shares in treasury, representing 13.4% of the issued Ordinary share capital as at 31 December 2021.

Under the terms of the Dividend Reinvestment Scheme Circular dated 19 April 2011, the following new Ordinary shares of nominal value 1 penny per share were allotted during the year:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
30 April 2021	1,831,899	18	21.24	371	20.30
29 October 2021	5,165,578	52	22.25	1,132	21.10
	<b>6,997,477</b>			<b>1,503</b>	

During the period from 1 January 2021 to 31 December 2021, the Company issued the following new Ordinary shares of nominal value 1 penny each under the Albion VCT Prospectus Top Up Offers 2020/21:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
26 February 2021	5,412,326	54	21.60	1,151	20.10
26 February 2021	1,536,392	15	21.70	327	20.10
26 February 2021	59,778,526	598	21.80	12,706	20.10
9 April 2021	528,417	5	22.20	116	20.70
9 April 2021	29,596	–	22.30	6	20.70
9 April 2021	1,471,322	15	22.40	321	20.70
	<b>68,756,579</b>			<b>14,627</b>	

# Notes to the Financial Statements continued

## 15. Basic and diluted net asset value per share

	31 December 2021 (pence per share)	31 December 2020 (pence per share)
<b>Basic and diluted net asset value per Ordinary share</b>	<b>23.05</b>	<b>21.84</b>

The basic and diluted net asset values per share at the year end are calculated in accordance with the Articles of Association and are based upon total shares in issue (adjusting for treasury shares) of 441,702,208 Ordinary shares as at 31 December 2021 (2020: 374,065,868).

## 16. Capital and financial instruments risk management

The Company's capital comprises Ordinary shares as described in note 14. The Company is permitted to buy back its own shares for cancellation or treasury purposes and this policy is described in more detail in the Chairman's statement on page 7.

The Company's financial instruments comprise equity and loan stock investments in quoted and unquoted companies, cash balances and liquid cash instruments and short term receivables and payables which arise from its operations. The main purpose of these financial instruments is to generate cash flow, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short term payables. The Company does not use any derivatives for the management of its Balance sheet.

The principal financial instrument risks arising from the Company's operations are:

- Market and investment risk (which comprises investment price and cash flow interest rate risk);
- credit risk; and
- liquidity risk.

The Board regularly reviews and agrees policies for managing each of these risks. There have been no changes in the nature of the risks that the Company has faced during the past year and there have been no changes in the objectives, policies or processes for managing risks during the past year. The key risks are summarised below.

### Market risk

As a Venture Capital Trust, it is the Company's specific nature to evaluate the market risk of its portfolio in unquoted companies. Market risk is the exposure of the Company to the revaluation and devaluation of investments as a result of macroeconomic changes. The main driver of market risk is the dynamics of market quoted comparators, as well as the financial and operational performance of portfolio companies. The Board seeks to reduce this risk by having a spread of investments across a variety of sectors. More details on the sectors the Company invests in can be found in the pie chart on page 9.

The Manager and the Board formally review market risk, both at the time of initial investment and at quarterly Board meetings.

The Board monitors the prices at which sales of investments are made to ensure that profits to the Company are maximised, and that valuations of investments retained within the portfolio appear sufficiently prudent and realistic compared to prices being achieved in the market for sales of unquoted investments.

As required under FRS 102 the Board is required to illustrate by way of a sensitivity analysis the extent to which the assets are exposed to market risk. The Board considers that the value of the fixed asset investment portfolio is sensitive to a change of 10% based on the current economic climate. The impact of a 10% change has been selected as this is considered reasonable given the current level of volatility observed. When considering the appropriate level of sensitivity to be applied, the Board has considered both historic performance and future expectations.

The sensitivity of a 10% increase or decrease in the valuation of the fixed asset investment portfolio (keeping all other variables constant) would increase or decrease the net asset value and return for the year by £6,700,000. Further sensitivity analysis on fixed asset investments is included in note 10.

# Notes to the Financial Statements continued

## 16. Capital and financial instruments risk management (continued)

### Investment risk (including investment price risk)

Investment risk (including investment price risk) is the risk that the fair value of future investment cash flows will fluctuate due to factors specific to an investment instrument or to a market in similar instruments. The management of risk within the venture capital portfolio is addressed through careful investment selection, by diversification across different industry segments, by maintaining a wide spread of holdings in terms of financing stage and by limitation of the size of individual holdings. The Manager receives management accounts from portfolio companies and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment risk. The Directors monitor the Manager's compliance with the investment policy, review and agree policies for managing this risk and monitor the overall level of risk on the investment portfolio on a regular basis.

Valuations are based on the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEV Guidelines. Details of the industries in which investments have been made are contained in the pie chart in the Strategic report on page 9.

The maximum investment risk on the balance sheet date is the value of the fixed asset investment portfolio which is £66,996,000 (2020: £69,652,000). Fixed asset investments form 66 per cent. of the net asset value on 31 December 2021 (2020: 85 per cent.).

More details regarding the classification of fixed asset investments are shown in note 10.

### Interest rate risk

It is the Company's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. On the basis of the Company's analysis, it is estimated that a rise of 1% in all interest rates would have increased total return before tax for the year by approximately £323,000 (2020: £70,000). Furthermore, it is considered that a material fall of interest rates below current levels during the year would have been unlikely.

The weighted average effective interest rate applied to the Company's fixed rate assets during the year was approximately 10.5% (2020: 9.8%). The weighted average period to maturity for the fixed rate assets is approximately 7.5 years (2020: 7.7 years).

The Company's financial assets and liabilities, denominated in Sterling, consist of the following:

	31 December 2021				31 December 2020			
	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Unquoted equity	–	–	55,694	55,694	–	–	51,072	51,072
Quoted equity	–	–	936	936	–	–	–	–
Unquoted loan stock	9,307	552	507	10,366	17,301	584	695	18,580
Receivables*	–	–	2,645	2,645	–	–	1,274	1,274
Payables	–	–	(1,679)	(1,679)	–	–	(502)	(502)
Cash	–	33,845	–	33,845	–	11,266	–	11,266
	<b>9,307</b>	<b>34,397</b>	<b>58,103</b>	<b>101,807</b>	<b>17,301</b>	<b>11,850</b>	<b>52,539</b>	<b>81,690</b>

\*The receivables do not reconcile to the Balance sheet as prepayments are not included in the above table.

## 16. Capital and financial instruments risk management (continued)

### Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company is exposed to credit risk through its receivables, investment in unquoted loan stock and through the holding of cash on deposit with banks.

The Manager evaluates credit risk on loan stock instruments prior to investment and as part of its ongoing monitoring of investments. For investments made prior to 6 April 2018, which account for 98 per cent. of loan stock value, typically loan stock instruments will have a fixed or floating charge, which may or may not be subordinated, over the assets of the portfolio company in order to mitigate the gross credit risk.

The Manager receives management accounts from portfolio companies and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment specific credit risk.

Bank deposits are held with banks with high credit ratings assigned by international credit rating agencies. The Company has an informal policy of limiting counterparty banking exposure to a maximum of 20 per cent. of net asset value for any one counterparty.

The Manager and the Board formally review credit risk (including receivables) and other risks, both at the time of initial investment and at quarterly Board meetings.

The Company's total gross credit risk at 31 December 2021 was limited to £10,366,000 (2020: £18,580,000) of unquoted loan stock instruments, £33,845,000 (2020: £11,266,000) cash on deposit with banks and £2,669,000 (2020: £1,293,000) of other receivables.

As at the Balance sheet date, cash and liquid investments held by the Company are held with the National Westminster Bank plc, Scottish Widows Bank plc (part of Lloyds Banking Group plc), Barclays Bank plc and Société Générale S.A. Credit risk on cash transactions is mitigated by transacting with counterparties that are regulated entities subject to regulatory supervision, with high credit ratings assigned by international credit-rating agencies.

The credit profile of unquoted loan stock is described under liquidity risk below.

### Liquidity risk

Liquid assets are held as cash on current account, deposit or short term money market accounts or similar instruments. Under the terms of its Articles, the Company has the ability to borrow an amount equal to its adjusted capital and reserves of the latest published audited Balance sheet, being £99,089,000 (2020: £79,064,000).

The Company has no committed borrowing facilities as at 31 December 2021 (2020: nil) and had cash balances of £33,845,000 (2020: £11,266,000). The main cash outflows are for new investments, dividends and share buy-backs, which are within the control of the Company. The Manager formally reviews the cash requirements of the Company on a monthly basis, and the Board on a quarterly basis, as part of its review of management accounts and forecasts.

All of the Company's financial liabilities are short term in nature and total £1,679,000 (2020: £502,000) as at 31 December 2021.

# Notes to the Financial Statements continued

## 16. Capital and financial instruments risk management (continued)

The carrying value of loan stock investments analysed by expected maturity dates is as follows:

Redemption date	31 December 2021				31 December 2020			
	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000	Fully performing £'000	Past due £'000	Valued below cost £'000	Total £'000
Less than one year	3,222	337	1	3,560	8,783	307	102	9,192
1-2 years	85	–	1	86	1,602	34	35	1,671
2-3 years	100	–	–	100	86	–	440	526
3-5 years	111	27	–	138	395	28	90	513
5 + years	6,347	129	6	6,482	6,540	138	–	6,678
<b>Total</b>	<b>9,865</b>	<b>493</b>	<b>8</b>	<b>10,366</b>	<b>17,406</b>	<b>507</b>	<b>667</b>	<b>18,580</b>

Loan stock can be past due as a result of interest or capital not being paid in accordance with contractual terms. The cost of loan stock valued below cost is £357,000 (2020: £3,132,000).

The Company does not hold any assets as the result of the enforcement of security during the period, and believes that the carrying values for both those valued below cost and past due assets are covered by the value of security held for these loan stock investments.

In view of the availability of adequate cash balances and the repayment profile of loan stock investments, the Board considers that the Company is subject to low liquidity risk.

### Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 December 2021 are stated at fair value as determined by the Directors, with the exception of receivables (including debtors due after more than one year), payables and cash which are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than payables. The Company's financial liabilities are all non-interest bearing. It is the Directors' opinion that the book value of the financial liabilities is not materially different to the fair value and all are payable within one year.

## 17. Commitments, contingencies and guarantees

As at 31 December 2021, the Company had no financial commitments (2020: £nil).

There were no contingent liabilities or guarantees given by the Company as at 31 December 2021 (2020: £nil).

# Notes to the Financial Statements continued

## 18. Post balance sheet events

Since the year end, the Company made the following material investment transactions:

- Proceeds of £1,951,000 received for the sale of Phrasee Limited;
- Proceeds of £884,000 received for the sale of Credit Kudos Limited;
- Investment of £1,149,000 in an existing portfolio company, TransFICC Limited;
- Investment of £1,038,000 in a new portfolio company, PerchPeek Limited;
- Investment of £467,000 in an existing portfolio company, Black Swan Data Limited; and
- Investment of £208,000 in an existing portfolio company, NuvoAir Holdings Inc.

The following new Ordinary shares of nominal value 1 penny each were allotted under the Albion VCTs Prospectus Top Up Offers 2021/22 after 31 December 2021:

<b>Date of allotment</b>	<b>Number of shares allotted</b>	<b>Aggregate nominal value of shares £'000</b>	<b>Issue price (pence per share)</b>	<b>Net consideration received £'000</b>	<b>Opening market price on allotment date (pence per share)</b>
25 February 2022	3,942,660	39	23.50	912	22.00
25 February 2022	1,666,528	17	23.60	385	22.00
25 February 2022	25,492,024	255	23.70	5,891	22.00
	<b>31,101,212</b>	<b>311</b>		<b>7,189</b>	

## 19. Related party transactions

Other than transactions with the Manager as disclosed in note 4, and the Directors' remuneration disclosed in the Directors' remuneration report on page 47 there are no related party transactions or balances requiring disclosure.

# Notice of Annual General Meeting

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**SHAREHOLDERS SHOULD TAKE NOTE THAT THIS WILL BE A VIRTUAL AGM AND FURTHER DETAILS WILL BE MADE AVAILABLE AT [WWW.ALBION.CAPITAL/VCT-HUB/AGMS-EVENTS](http://WWW.ALBION.CAPITAL/VCT-HUB/AGMS-EVENTS).**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Kings Arms Yard VCT PLC (the “Company”) will be held virtually at noon on 9 June 2022 at the registered office of the Company at 1 Benjamin Street, London, EC1M 5QL for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions.

## Ordinary Business

1. To receive and adopt the Company’s accounts for the year ended 31 December 2021 together with the Strategic report and the reports of the Directors and Auditor.
2. To approve the Directors’ remuneration report for the year ended 31 December 2021.
3. To re-elect Fiona Wollocombe as a Director of the Company.
4. To re-elect Thomas Chambers as a Director of the Company.
5. To elect John Chiplin as a Director of the Company.
6. To elect Swarupa Pathakji as a Director of the Company.
7. To re-appoint BDO LLP as Auditor of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.
8. To authorise the Directors to agree the Auditor’s remuneration.

## Special Business

### 9. Authority to allot shares

The Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “Act”) to allot Ordinary shares of nominal value 1 penny per share in the Company up to a maximum aggregate nominal amount of £1,082,825 (representing approximately 20 per cent. of the issued share capital as at the date of this Notice) provided that this authority shall expire 15 months from the date that this resolution is passed, or, if earlier, the conclusion of the next Annual General Meeting of the Company, but so that the Company may, before the expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares pursuant to such an offer or agreement as if the authority had not expired.

### 10. Authority for the disapplication of pre-emption rights

That, subject to the authority and conditional on the passing of resolution number 9 the Directors be 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 conferred by resolution number 9 and/or sell ordinary shares held by the Company as treasury shares for cash as if section 561(1) of the Act did not apply to any such allotment or sale.

Under this power the Directors may impose any limits or restrictions and make any arrangements which they deem necessary or expedient to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or other matter, arising under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or any other matter.

This power shall expire 15 months from the date that this resolution is passed or, if earlier, the conclusion of the next Annual General Meeting of the Company, 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 any such offer or agreement as if this power had not expired.

# Notice of Annual General Meeting continued

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## 11. Authority to purchase own shares

That, subject to and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares on such terms as the Directors think fit, provided always that:

- (a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 81,157,770 shares or, if lower, such number of Ordinary shares as shall equal 14.99 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the minimum price, exclusive of any expenses, which may be paid for an Ordinary share is 1 penny;
- (c) the maximum price, exclusive of any expenses, which may be paid for an Ordinary share shall be an amount equal to the higher of (a) 105% of the average of the middle market quotations for the share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the date on which the share is purchased; and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation 2003;
- (d) the authority hereby conferred shall, unless previously revoked, varied or renewed, expire 15 months from the date that this resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting; and
- (e) the Company may enter into a contract or contracts to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

By Order of the Board

### **Albion Capital Group LLP**

Company Secretary

Registered office

1 Benjamin Street

London, EC1M 5QL

24 March 2022

Kings Arms Yard VCT PLC is registered in England and Wales with company number 03139019

# Notice of Annual General Meeting continued

## Notes

1. Members entitled to participate in, speak and vote at the Annual General Meeting (“AGM”) may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the AGM. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:
  - completing and returning the Form of Proxy enclosed with this Notice to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or
  - going to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions provided there; or
  - by having an appropriate CREST message transmitted, if you are a user of the CREST system (including CREST personal members).

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. A member may not use any electronic address provided in the Notice of this meeting to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by noon on 7 June 2022.

**In accordance with good governance practice, the Company is offering shareholders use of an online service, offered by the Company’s registrar, Computershare Investor Services, at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). Shareholders can use this service to vote, or appoint a proxy online. The same voting deadline of noon on 7 June 2022 applies as if you were using your Personalised Voting Form to vote, or appoint a proxy by post to vote for you. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company’s registrar not later than two business days before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: [www.euroclear.com/CREST](http://www.euroclear.com/CREST). Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.**

2. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 (“the Act”) to enjoy information rights (a “Nominated Person”) may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of rights of members in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at noon on 7 June 2022 (or, in the event of any adjournment, on the date which is two business days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this AGM and any adjournment(s) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST 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 the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK and Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent by noon on 7 June 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and

# Notice of Annual General Meeting continued

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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 his or her 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.

5. 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.
6. A copy of this Notice, and other information regarding the meeting, as required by section 311A of the Act, is available from [www.albion.capital/funds/KAY](http://www.albion.capital/funds/KAY) under the "Fund reports" section.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. Copies of contracts of service and letters of appointment between the Directors and the Company, together with the Registrar of Directors' interests in the Ordinary shares of the Company, will be available for inspection at the Company's registered office during normal business hours from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion. In addition, a copy of the Articles of Association, will be available for inspection at the Company's registered office from the date of this Notice until the conclusion of the meeting, and at the place of the meeting for at least 15 minutes prior to the meeting until its conclusion.
9. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) 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; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid in accordance with section 437 of the Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Act to publish on a website.
10. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment of the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
11. Members satisfying the thresholds in Section 388A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may be properly included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.
12. As at 23 March 2022 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital comprises 541,412,745 Ordinary shares with a nominal value of 1 penny each. The Company also holds 68,609,325 Ordinary shares in treasury. Therefore, the total voting rights in the Company as at 23 March 2022 are 472,803,420.





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The Association of  
Investment Companies

A member of the Association  
of Investment Companies



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