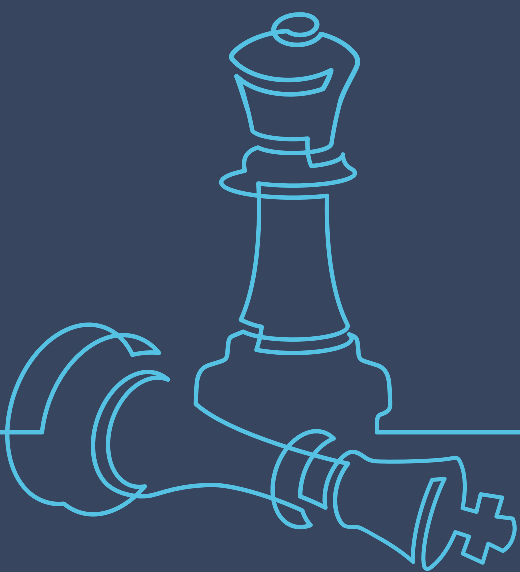
Annual Report and Financial Statements

For the year ended 31 December 2022

Company No: 04221489



SENECA
GROWTH CAPITAL VCT PLC

Seneca Growth Capital VCT Plc

Contents

Financial Headlines

B Shares

£3.9m	Amount raised during the year from the issue of B shares
£5.9m	Amount invested during the year into ten new investee companies and one follow-on investment by the B share pool
92.7p	B share NAV plus cumulative dividends paid at 31 December 2022 ("Total Return")
80.7p	B share NAV at 31 December 2022
3.0p	Interim dividends paid per B share during year

Ordinary Shares

108.4p	Ordinary share NAV plus cumulative dividends paid at 31 December 2022 ("Total Return")
37.1p	Ordinary share NAV at 31 December 2022
2.0p	Interim capital dividends paid per Ordinary share during year

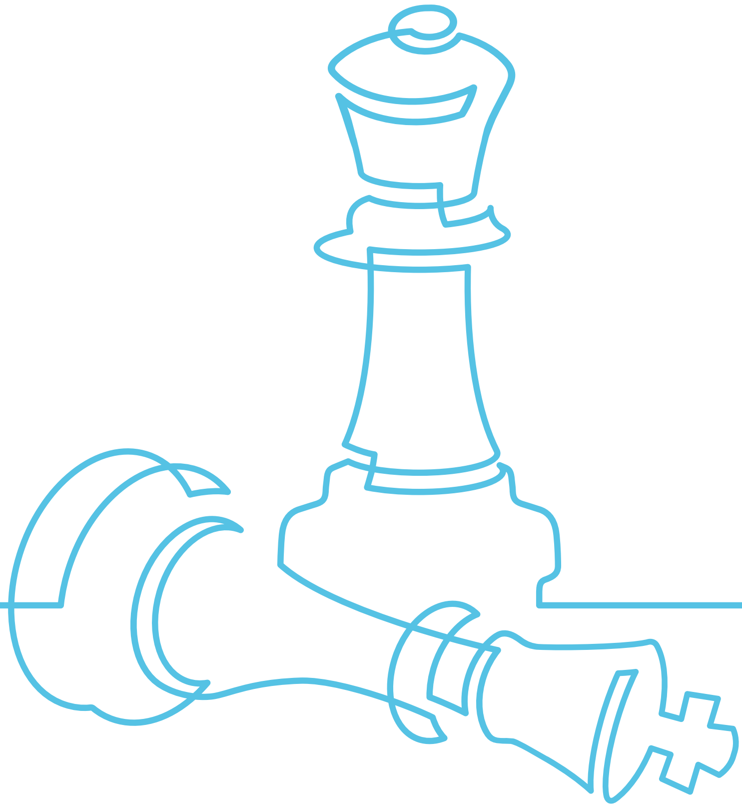
Financial Summary

	Year to 31 December 2022		Year to 31 December 2022	
	Ordinary share pool	**B share pool**	Ordinary share pool	B share pool
Net assets (£'000s)	**3,008**	**15,122**	3,157	14,606
Return on ordinary activities after tax (£'000s)	**13**	**(2,762)**	1,029	1,067
Earnings per share (p)	**0.2**	**(16.5)**	12.6	8.9
Net asset value per share (p)	**37.1**	**80.7**	38.9	100.1
Dividends paid since inception (p)	**71.25**	**12.00**	69.25	9.00
Total return (NAV plus cumulative dividends paid) (p)	**108.35**	**92.70**	108.15	109.10

Financial Calendar

The Company's financial calendar is as follows:

18 May 2023	Annual General Meeting will be held at 11.00 a.m. at 9 The Parks, Haydock, WA12 0JQ
July 2023	Half-yearly results to 30 June 2023 published
March 2024	Annual results for the year to 31 December 2023 announced and Annual Report and Financial Statements published



About Seneca Growth Capital VCT Plc

Seneca Growth Capital VCT Plc ("the Company" or "Seneca Growth Capital") is a Venture Capital Trust, launched in 2001, which now aims to generate returns from a diverse portfolio of both unquoted and AIM/AQSE quoted growth capital investments. Until 23 August 2018 the Company was called Hygea vct plc. On 9 May 2018, the Company launched an offer for subscription for a new B share class and made an initial allotment of B shares on 23 August 2018, at which point the Company's name was changed to Seneca Growth Capital VCT and Seneca Partners Limited ("Seneca") was appointed as the Company's Investment Manager.

The Company has raised £18.3 million under the Company's B share offers as at 31 December 2022. It launched a new offer of B shares on 26 August 2022 to raise, in aggregate, up to £10 million with an over-allotment facility of up to a further £10 million (before issue costs) (the "Offer") and had raised £985k under this Offer by the year end.

The Company's Investment Manager, Seneca, is registered as a full-scope UK Alternative Investment Fund Manager (AIFM). The Company's Board is composed of four non-executive directors, three of whom are independent.

As the Company's Investment Manager, Seneca is responsible for the management of the Company's B share pool investments, whilst responsibility for the management of the Ordinary share pool investments has been delegated to those members of the Board of Directors who served immediately prior to 23 August 2018, namely John Hustler and Richard Roth.

The Company continues to manage both share classes in accordance with its investment policy.

The funds raised from the issue of B shares under the Offer and any subsequent fund raisings are not limited to being invested in any specific sector. Instead, the Company's B share pool targets well managed businesses with strong leadership that can demonstrate established and proven concepts and which are seeking an injection of growth capital to support their continued development. The B share pool made ten new investments and a follow-on investment during the year, details of which are included on pages 14 to 29. The Company intends to distribute a proportion of the net profits it receives from realisations of B share pool investments by way of special tax-free dividends. This is intended to provide B share investors with an attractive income stream whilst also maintaining a relatively stable Net Asset Value ("NAV") per B share, subject to the requirements and best interests of the Company.

The Directors continue to seek to return to Ordinary shareholders over time the proceeds from any realisations in the form of dividends or by means of a return of capital. During the year, the Company realised a further 9% of its holding in Scancell Holdings Plc ("Scancell") which enabled the payment of a further 2.0p of dividends per Ordinary share during the year.

Venture Capital Trusts (VCTs)

VCTs were introduced by the UK Government in 1995 to encourage individuals to invest in UK smaller companies. The Government achieved this by offering VCT investors a series of tax benefits.

The Company has been approved as a VCT by HM Revenue & Customs (HMRC). In order to maintain its approval, the Company must comply with certain requirements on a continuing basis which are discussed further in the Business Review on pages 34 to 38. The Company has continued its compliance with these requirements during the year, and both share classes in the Company are eligible shares as defined by section 273 ITA 2007.

In 2015, a sunset clause for VCT income tax relief was introduced which meant that income tax relief would no longer be given to subscriptions made on or after 6 April 2025, unless the legislation was renewed by HM Treasury. On 23 September 2022, the Government in the Autumn Statement announced its intention to extend the legislation, safeguarding venture capital schemes beyond 2025. The Company also noted the announcement by the AIC on 28 February 2023 regarding the intention that the sunset clause will be removed however, the Budget on 15 March 2022 did not make specific reference to this, and at the time of writing details of how this will proceed have not been published by the Government. The new agreement between the UK and EU known as the Windsor Framework, published on 27 February 2023, is considered to remove any potential barriers in the Government progressing this.

Strategic Report

The Directors are required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014 to include a Strategic Report to shareholders.

The following sections form part of the Strategic Report:

Our Strategy

Seneca was appointed as the Company's Investment Manager in August 2018 and is specifically responsible for the management of the Company's B share pool investments. Responsibility for the management of the Ordinary share pool investments has been delegated to those remaining members of the Board of Directors who served immediately prior to 23 August 2018, namely John Hustler and Richard Roth.

There has been no change during the year in the way either share pools' assets are managed. The Ordinary share pool does not envisage making any new investments from the funds in this share pool, apart from any follow-on investment in existing portfolio companies where the Board believes this will protect the Ordinary share pool's existing investment and/or improve the overall prospects of a timely exit from the investee company. The Directors have not made any new Ordinary share pool investments during the year but will continue to monitor portfolio companies for any follow-on investment opportunities that are suitable should they arise, and continue to seek to return to Ordinary shareholders over time, the proceeds from any realisations in the form of dividends or by means of a return of capital.

The Company's latest Offer for new B shares opened on 26 August 2022 seeking to raise up to £10 million, with an over-allotment facility of up to a further £10 million (before issue costs). The funds raised from the issue of B shares will not be limited to being invested in any specific sector. Instead, in line with the Company's investment policy, the Company is targeting well managed businesses with strong leadership that can demonstrate established and proven concepts, and which are seeking an injection of growth capital to support their continued development.

The Company fosters a culture of innovation, risk mitigation and collaboration supported by policies, practices and behaviours to further our purpose as an investment company, seeking to provide growth capital to well managed leading UK SMEs which share our values, in order to deliver on our investment strategy and objectives as described below. The Directors will continually monitor and assess the investment process and ensure compliance with both the relevant VCT regulations for qualifying investments, summarised below, and the Company's investment policy, included further below. These robust internal controls are discussed in the Business Review on page 38, the Corporate Governance policy on pages 47 to 50 and within the Audit Committee Report on pages 52 to 53.

Qualifying Investments

Compliance with required VCT tax rules and regulations is considered with all investment decisions made. The Company is further monitored on a continual basis by Shoosmiths LLP to ensure compliance on an ongoing basis. The main criteria to which the Company must adhere include:

- At least 80% of investments must be made in qualifying shares or securities;
- At least 70% of qualifying investments must be invested into ordinary shares with no prohibited preferential rights (investments made before 6 April 2018, from funds raised before 6 April 2011 are excluded);
- At least 30% of funds raised after 31 December 2018 must be invested in qualifying investments by the anniversary of the end of the accounting period in which those funds were raised;
- No single investment made can exceed 15% of the total HMRC company value at the time the investment is made; and
- In respect of VCT shares issued on or after 6 April 2014, VCT status will be withdrawn if a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors.

Qualifying investments can only be made in trading companies which fall within the following limits:

- Have fewer than 250 full time equivalent employees (500 if a knowledge intensive company);
- Have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately post investment;
- Its first commercial sale must be less than seven years old (or ten years if a knowledge intensive company) if raising State Aided funds for the first time subject to certain exceptions;
- Have raised no more than £5 million of State Aided funds in the previous 12 months (or £10 million if a knowledge intensive company) and less than the lifetime limit of £12 million (or £20 million if a knowledge intensive company);
- Produce a business plan to show that its funds are being raised for growth and development;
- Not be in financial difficulty;
- Be an unquoted company or listed on AIM;
- Have a permanent establishment in the United Kingdom;
- Not be under the control of any other company, nor control any company which is not a qualifying subsidiary of the company; and
- Are operating a trade which is not an "excluded activity".

The Finance Act 2018 introduced a “risk-to-capital” condition for qualifying investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk. The Board is satisfied that the Company’s investment policy is in line with this “risk-to-capital” condition.

The investment policy, as approved by shareholders on 19 January 2018, is set out below and includes the sections titled Investment Policy, Qualifying Investments, Non-Qualifying Investments, Risk Management, Borrowing and Changes to the Investment Policy:

Investment Policy

The Company’s investment objective is to provide shareholders with an attractive income and capital return by investing its funds in a portfolio of both unquoted and AIM/AQSE quoted UK companies which meet the relevant criteria under the VCT rules.

The Company will target well managed businesses with strong leadership that can demonstrate established and proven concepts and which are seeking an injection of growth capital to support their continued development.

At least the minimum required percentage of the Company’s assets will be invested in qualifying investments as required by the VCT rules, with the remainder held in cash and money market securities.

Qualifying Investments

Compliance with required rules and regulations is to be considered with all investment decisions made. The Company is further monitored on a continual basis to ensure compliance.

Non-Qualifying Investments

An active approach may be taken to manage any cash held, both prior to its investment in qualifying companies and any remaining cash after all investment qualification targets in the VCT rules have been satisfied. All cash will be invested in accordance with VCT rules for non-qualifying investments. Such non-qualifying investments may include liquid AIFs, UCITS or other money market funds.

Risk Management

The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of unquoted and AIM/AQSE quoted companies. In order to limit risk in the portfolio that is derived from any particular investment accounting for too much of the fund, at the point of investment or addition to an existing investment no more than 15% of the portfolio by VCT value will be in any one investment. In addition, investments may also be made by way of loan stock and/or redeemable preference shares as well as ordinary shares to generate income, whilst ensuring compliance with whatever VCT rules apply at the time.

Key Information Document

The EU PRIIPs regulations came into effect in January 2018. The intent of the regulations is to increase customer protection by improving the functioning of financial markets and in this instance through the Key Information Document (“KID”) which provides shareholders with more information about the risks, potential returns and charges within VCTs. Although well intended, there were widespread concerns about the application of some aspects of the prescribed methodologies to VCTs. Specifically, there were concerns that:

1. the risk indicator in the KID (a number on a scale of 1 to 7, with 1 being “lower risk” and 7 being “higher risk”) may have understated the level of risk; and
2. investment performance scenarios included in the KID may have indicated future returns for shareholders that were too optimistic.

In what is one of the first examples of the Financial Conduct Authority (“FCA”) confirming UK divergence from EU rules following Brexit, revised requirements for what information should be included in a KID were published in March 2022 and these came into full effect on 31 December 2022. Amongst other changes, these revised requirements addressed both of the concerns highlighted above by:

1. stating that a VCT must have a risk indicator of 6 or 7 (on the same scale of 1 to 7); and
2. replacing the investment performance scenarios included with text describing:
   a) what the investment risks are and what an investor could get in return;
   b) what could affect an investor’s return positively; and
   c) what could affect an investor’s return negatively.

As before, the Company is required to publish a KID and retail investors must be directed to this before buying shares in the Company. The KID is published on the Company website www.senecavct.co.uk/current-offer/. The KID has been prepared using the methodology prescribed in the FCA’s guidance.

The Board is aware of the new regulations regarding the KID and has produced a revised KID in line with the new Regulations. The Board recommends that shareholders continue to classify VCTs as a high-risk investment.

Borrowing

Whilst the Board does not intend that the Company will borrow funds (other than to manage short term cash requirements), the Company is entitled to do so subject to the aggregate principal amount, at the time of borrowing, not exceeding 25% of the value of the adjusted capital and reserves of the Company (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company’s reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet). The Company did not borrow any funds in 2022.

Changes to the Investment Policy

The Company will not make any material changes to its investment policy without shareholder approval.

Section 172(1) Statement

The Directors discharge their duties under section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of shareholders as a whole as set out in the Business Review from page 34. As an investment company, Seneca Growth Capital has no employees. The Directors assessed the impact of the Company's activities on other stakeholders, in particular shareholders and our third-party advisers, as well as the portfolio of companies.

The Board's decision-making process incorporates, as part of the Company's investment policy and investment objectives as set out on page 7, considerations for supporting the Company's business relationships with the Investment Manager, shareholders, advisers and registrar, independent financial advisers and the impact of the Company's operations on the community and the environment, which by nature of the business, only extends to the holdings in portfolio companies.

Key stakeholders

Investors

Outside of general meetings, the Company engages with shareholders through regulatory news service announcements, interim and annual reports as well as regular correspondence with shareholders and their advisers to address any queries that arise.

The Company has also introduced regular shareholder presentations in addition to the AGM, in order to engage directly with shareholders. At the November 2022 Shareholder Update Presentation, the Board had the opportunity to address five queries put forward by shareholders, the answers to which are available on our website at www.senecavct.co.uk/november-2022-shareholder-update-presentation/. It was a great opportunity to engage directly with shareholders and discuss the current portfolio, investment process and objectives as well as the wider investment market. Any shareholder queries that arise throughout the year are discussed by the Board and factored into any decision-making and responses are made available to shareholders as appropriate. The Board uses a number of measures to assess the Company's success in meeting its strategic objectives with regard to shareholder interests as detailed in the Key Performance Indicators on page 36.

Investment Manager

The Company's most important business relationship is with the Investment Manager. There is regular contact with the Investment Manager, and members of the Investment Manager's Growth Capital investment team attend all of the Company's Board meetings. There is also an annual timetable agreed with the Investment Manager and the Company for matters related to the annual timetable which are discussed at each Board Meeting. The Company and Investment Manager also work together to maintain efficient operation of the VCT as detailed in the Key Performance Indicators on page 36.

Portfolio Companies

The Company holds minority investments in its portfolio companies and it has appointed the Investment Manager to manage the B share portfolio, and responsibility for the management of the Ordinary share pool investments has been delegated to those remaining members of the Board of Directors who served immediately prior to 23 August 2018, namely John Hustler and Richard Roth. While the Board has little day-to-day involvement with the B share and Ordinary share portfolio, the Investment Manager provides updates on the B share portfolio at least quarterly and John Hustler and Richard Roth also provide updates on the Ordinary share portfolio at least quarterly.

There were ten investee company additions to the B share portfolio and a B share pool follow-on investment into quoted company Arecor Therapeutics Plc ("Arecor") during the year. The Company achieved one full and three partial exits in the year - one full and two partial exits from the B share pool and one partial exit from the Ordinary share pool, as detailed in the Chair's Statement on pages 9 to 12 and the Investment Manager's Report on pages 14 to 33. The Board and Investment Manager believe that the full realisation of B share pool quoted company Clean Power Hydrogen Plc ("CPH2") and partial realisations from each share pool, which were all profitable, were in the best interests of all key stakeholders.

Environment and Community

The Company seeks to ensure that its business is conducted in a manner that is responsible to the environment as far as is practicable given the nature of the business as an investment company. The management and administration of the Company is undertaken by the Investment Manager, who recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that might be caused by its activities. Initiatives of the Investment Manager designed to minimise its and the Company's impact on the environment include recycling and reducing energy consumption. More details of the work that the Investment Manager has done in this area are set out on page 43.

Chair's Statement

I am pleased to present the 2022 Annual Report on behalf of the Board to shareholders.

Overview

It has been an impressive year of new investments from the B share pool, with £5,920k deployed into ten new investee companies and one follow-on investment in Arecor. Seneca continues to deliver on its investment strategy aimed at achieving a broadly even split of both AIM/AQSE quoted investments and unquoted investments across a diverse spread of sectors and delivering returns for investors where possible through realisations. The B share pool achieved three full and partial exits in the year, generating £964k in gross proceeds and £235k of profits. Crucially, we have continued to pay B share dividends of 3p per annum and have now paid a total of 12p of B share dividends since 2019 which have been covered by profits on exits.

It was also encouraging to see the Ordinary share pool continue to realise profitable returns for Ordinary shareholders with a further partial exit of our largest quoted investment, Scancell, which enabled us to pay a 2p capital dividend to Ordinary shareholders.

Whilst there was some softening of AIM prices during 2022, we and the Company's Investment Manager, Seneca, continue to believe that the benefits offered by AIM quoted investments, including access to capital, greater liquidity for harvesting profits and stronger reporting and governance requirements, will continue to generate attractive investment returns for investors over the medium and longer-term. The reduction in the B share NAV was largely driven by the AIM quoted investments, but our relatively high percentage cash holding and unquoted company portfolio continues to dilute such impact. Seneca also believe that the Company's exposure to the AIM market will better position us to participate more directly in any market recovery.

The total value of the B share unquoted portfolio at the financial year end was valued above original investment cost, with 2022 seeing an uplift in value of two unquoted holdings. We are pleased with the progress being made across the B share portfolio and in particular have been impressed by the positive trading updates and announcements made by portfolio companies, including such companies as Bright Network (UK) Ltd ("Bright Network") and quoted company Evgen Pharma plc. Bright Network is on track to double in size over its current financial year and has started to expand internationally.

Evgen Pharma plc announced a string of positive announcements including a substantial out-licensing deal with Swiss biotech company Stalicla SA worth $161 million in milestones and double digit royalties, with up to $6 million in milestones to be received by the end of 2023.

In August 2022, the Company launched its fifth offer for B shares and has now raised £19.2 million since 2018 following the recent allotment of £933k of B shares in April 2023. I would like to welcome all new shareholders and thank both existing and new shareholders for their support. The share offer will remain open until 18 August 2023 unless it reaches its total target of £20 million before then.

With 31% of the B share pool's NAV as at 31 December 2022 represented by cash, we were happy to see the Company's B share pool end the year well placed to take advantage of the growing number of AIM quoted and private company investment opportunities being reviewed by Seneca.

I have set out below further detail in relation to the progress made by each of the Company's share classes during the year.

B Share Pool

B Shares - Results

The key items to impact the NAV of the B share pool during the year were as follows:

- Three exits generating £235k of profits;
- An unrealised loss totalling £2,015k in the year as a result of the softening in the AIM market;
- Two dividends paid during the year totalling 3.0p per B share; and
- The Company's running costs (capped at 3% of B share NAV).

The net result of the above was an overall decrease in the Total Return per B share to 92.7p as at 31 December 2022 (2021: 109.1p).

B Shares - Investment Portfolio Review

In the year, the B share portfolio consisted of twenty-six companies, sixteen of which are quoted on AIM/AQSE. The net reduction in value across the sixteen quoted companies during the year, after accounting for the profit on those exited, was 20%. This is a more modest reduction in value when compared to the FTSE AIM All-Share Total Return index which decreased by over 30% in the same year.

Throughout the year, the Company completed ten new investments, one follow-on investment and was able to make three full and partial exits from the B share pool at a weighted average return of 1.3x on original investment cost. Further details in relation to the B share pool's investment portfolio are included in the Investment Manager's Report on pages 18 to 29.

B Shares – Update and Outlook

B shareholders will be pleased to know the Board declared an interim B share dividend of 1.5p per B share on 7 March 2023 to be paid on 19 May 2023 to shareholders on the B share register on 5 May 2023, with an ex-dividend date of 4 May 2023.

We have previously communicated our ambition to increase dividends to 5% per annum of the B share NAV by 2023. This ambition remains but of course is dependent on a number of factors including investment performance and in particular the performance of the B share pool's AIM quoted investments, given that as at 31 December 2022 these represented 36.8% of the B share NAV.

We are encouraged by the continued progress being made by the B share pool and Seneca's continued work with the investee companies in the B share portfolio to navigate current market headwinds, the benefit of which we have seen with the increase in the carrying values for two of the ten unquoted investee companies, and; one of these uplifts has been driven by a material and successful funding round, while the other has been revalued as a result of significant revenue growth and a move into profitability. We remain confident that the portfolio retains its potential to provide attractive returns for B shareholders over the medium term.

The Board is also pleased with the progress that Seneca has made since its appointment as Investment Manager in 2018 in terms of developing a diverse portfolio of growth capital investments and securing a number of exits for the B share pool, which have combined to enhance the Company's presence and reputation in the market.

Following the end of the financial year, we have raised an additional £933k, issuing 1,233,811 additional B shares on 5 April 2023. The allotment was made at the 31 March 2023 unaudited B share NAV (as announced on 4 April 2023) of 73.8p per B share which was 6.9p (8.6%) lower than the B share NAV as at 31 December 2022, predominantly a result of a reduction in the share prices of some of the B share pool's AIM quoted investments since that date.

Seneca expect to increase the funds raised under the current B share Offer and add new growth capital investments to the B share portfolio during the course of 2023 from, inter alia, the investments they currently have in the later stages of due diligence.

Ordinary Share Pool

Ordinary Shares - Results

The NAV per Ordinary share decreased by 1.8p from 38.9p to 37.1p during the year and this was after the payment of the dividend per Ordinary share of 2.0p on 23 December 2022.

This decrease was principally driven by the dividend payment in the year. Excluding the dividend payment, the NAV per Ordinary share remained relatively flat, with the reduction in value of the Ordinary share portfolio's AIM quoted investment in Arecor and the write down in the carrying value of unquoted investments in Insense Limited ("Insense") and Fuel 3D Technologies Limited ("Fuel3D") offsetting the impact of the increase in the AIM quoted share price of Scancell during the year.

The quoted bid price of Scancell shares (the Ordinary share pool's largest investment) increased from 19.5p as at 31 December 2021 to 24.0p at the year end. At times during the year the Scancell bid price was above the year end price of 24.0p. The Company was able to sell 1,000,000 shares during the year, generating £258k of proceeds at a 4.3x return for Ordinary shareholders.

As a result of the Scancell realisation, your Board was very pleased to be able to pay a dividend of 2p per Ordinary share during the year whilst still maintaining a relatively stable Ordinary share pool NAV. The Total Return in relation to the Ordinary shares is now 108.4p comprising cumulative distributions of 71.3p per Ordinary share and a residual NAV per Ordinary share of 37.1p as at 31 December 2022. Ordinary Shareholders will be pleased to know the Board declared a further interim Ordinary share capital dividend of 2p per Ordinary share on 7 March 2023 to be paid on 19 May 2023 to shareholders on the Ordinary share register on 5 May 2023, with an ex-dividend date of 4 May 2023.

On 22 November 2022, OR Productivity Limited was put into administration; however, this has not had any impact on the Ordinary share NAV as it was already held at £nil value in the Ordinary share portfolio.

As previously reported, the Board remains focused on identifying exit opportunities for the remainder of the Ordinary share pool investment portfolio.

Ordinary Shares - Investment Portfolio Review

The remaining Ordinary share portfolio now comprises two AIM quoted holdings valued at £2,915k, and five unquoted holdings valued at £59k as at 31 December 2022.

Shareholders will note that the AIM quoted holdings represented 97% of the Ordinary share pool's NAV at the year end, with Scancell comprising 80% and Arecor 17% of the Ordinary share pool NAV. As a result, the NAV per Ordinary share now fluctuates largely in line with the movement in the AIM quoted investments, particularly the Scancell share price.

Whilst the Scancell share price showed volatility during 2022, it is not our policy to update the market following each of these fluctuations unless there are considered to be abnormal events (e.g. sale of a significant holding – see below). Your Board therefore recommends that shareholders or prospective shareholders keep both the Scancell and Arecor share prices under review and consider their impact on the Ordinary share NAV per share before taking any action in relation to an existing or prospective holding in the Company's Ordinary shares. Based on the composition of the Ordinary share pool's fixed assets as at 31 December 2022, the NAV per Ordinary share moves by 1.2p for every 1p movement in Scancell for reference.

Further details in relation to the Ordinary share pool's investment portfolio are included in the Investment Manager's Report on pages 30 to 33.

Ordinary Shares – Update and Outlook

As noted above, the Ordinary share pool's NAV fluctuates largely in line with the movement in the AIM quoted investments and following the year end there was a reduction Scancell's share price, offset by an increase in Arecor's share price. As at 31 March 2023, shares in Scancell were valued at 15.5p per share (31 December 2022: 24p) and shares in Arecor were valued at 250p per share (31 December 2022: 230p). As a result, on 4 April 2023 the Company announced an updated unaudited NAV per Ordinary share of 28.4p as at 31 March 2023.

The Commercial Advisory Committee ("CAC"), which now consists of myself and Richard Roth, will continue to monitor the share price movement of its AIM quoted holdings and the commercial progress of its unquoted investments whilst continuing to seek to return to Ordinary shareholders over time the proceeds from any realisations in the form of dividends or by means of a return of capital.

In addition, the Ordinary share portfolio held £409k in cash as at 31 December 2022. This cash is available to make follow-on investments into existing Ordinary share portfolio companies where the Board believes this will protect the Ordinary share pool's existing investment and/or improve the overall prospects of a timely exit from an investee company. Despite three of the Ordinary share pool's portfolio companies seeking further funds during the year, we did not consider further investment from the Ordinary share pool likely to improve the overall prospects for a timely realisation from the respective investee company and therefore no further Ordinary share pool investments were made in the year. The interim capital dividend previously referred to will consume £162k of this cash.

Ordinary shareholders will recall that, following the appointment of Seneca as Investment Manager in August 2018, the Ordinary share pool did not incur any running costs until July 2021. From July 2021, the Company's running costs were to be shared between the Ordinary and B share pool pro-rata to their respective NAVs subject to a 3% cost cap. In the current year, the Ordinary share pool's proportion of the running costs was £28k.

Fund Raising

During the year the Company has allotted 4,188,693 B shares raising gross proceeds of £3,874k in the process.

Annual General Meeting

The Company's AGM will be held at 11:00 a.m. on Thursday, 18 May 2023 at the Company's registered address 9 The Parks, Haydock, WA12 0JQ.

For any shareholders wishing to attend the AGM this year in person, we request that you please inform us in advance by e-mailing enquiries@senecavct.co.uk so that we may register your attendance with the facilities manager in order to issue you with the appropriate attendance pass. For those unable to attend, we will be hosting our bi-annual shareholder update presentation with a question and answer (Q&A) session included, starting at 2:00 p.m. on 10 May 2023. Shareholders should note that only the formal business set out in the notice of AGM will be considered at the AGM and we encourage shareholders to attend the presentation and ask questions prior to the AGM. Further details about the shareholder update presentation can be found on the Company's website at www.senecavct.co.uk/may-2023-shareholder-presentation/.

We strongly encourage shareholders to vote on the matters of business through the completion of a proxy form, which can be submitted to the Company's Registrar. Proxy forms should be completed and returned in accordance with the instructions thereon and the latest time for the receipt of proxy forms is 11:00 a.m. on 16 May 2023. Proxy votes can also be submitted by CREST where shares are so held.

The Board has reviewed my performance and has asked me to continue as Chair. A resolution for my re-election is included in the AGM Notice. Consideration has been given to my long tenure as Chair and the Board has commenced the process of identifying my potential successor but has asked that I continue as Chair until such time as my successor has been appointed. We are in advanced stages in the search for another independent non-executive Director and expect to make the appointment within the coming weeks. Alex Clarkson and Richard Manley have indicated that they are willing to continue as non-executive directors and resolutions for their re-appointment are included in the AGM notice.

Due to personal and increased business commitments, Richard Roth has informed the Board that he will retire as an independent non-executive Director of the Company at the forthcoming AGM with effect from 18 May 2023. I would like to thank Richard for his considerable contribution to the VCT over the last eight years and I wish him well in his other ventures. Richard Roth's successor as Audit Chair will be announced in due course.

As shareholders will recall Richard and I comprise the CAC and, following his retirement from the Board, we are reviewing the future of the CAC's responsibilities; however, for the time being, I have asked Richard to continue to be a member of the CAC for a period of three months following his retirement and he has agreed.

The Notice of the AGM includes resolutions empowering the Directors to issue further B shares following the date of the AGM, which will primarily be used for the issue of B shares under a further Offer which we intend to launch for the 2023/2024 tax year. This requires authorisation for the Directors to be able to allot up to a further 35,000,000 B shares. Including these resolutions in the AGM business will avoid the Company having to convene a separate general meeting to approve the necessary increase in share capital.

The Notice of AGM also includes a special resolution authorising the amounts standing to the credit of the share premium account of the Company and the capital redemption reserve of the Company be cancelled, which, if approved by the Company's shareholders and subject to subsequent confirmation by the Court, may be used by the Company to deliver returns to shareholders in the future, whether in the form of dividends, distributions or purchases of the Company's own shares.

A summary of the resolutions to be proposed by the Company at the AGM is included on pages 45 to 46.

VCT Qualifying Status

Shoosmiths LLP provides the Board with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs. They have confirmed that the Company remains within all the appropriate VCT qualifying regulations as at 31 December 2022.

Fund Administration

Our administration is conducted by Seneca at the Company's registered address. Neville Registrars Limited ("Neville") continue to maintain the shareholder register. All information in respect of both share classes including Annual Reports and notices of meetings can be found on our website www.senecavct.co.uk. We would remind shareholders who have not opted for electronic communications that this is more efficient, cost effective and ecologically friendly than receiving paper copies by post and we therefore encourage you to contact Neville, whose details are on page 95, to advise them of your wish to switch to electronic communication.

Auditor

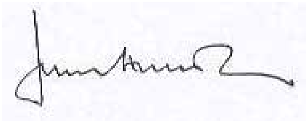
As previously announced, Hazlewoods LLP ("HZW") was appointed as the Company's new independent auditor on 23 May 2022 and has audited the Company's annual results for the year ending 31 December 2022. Shareholders will be asked to reappoint HZW at the AGM for the audit of the accounts for the year ending 31 December 2023.

Future Prospects

We are pleased with the progress of both the Ordinary and B share pools during the year.

We are pleased that Seneca have continued to develop the portfolio of B share pool investee companies during the year, having completed ten new investments in the year, the most investments in a single year since launching the B share pool in 2018, bringing the total number of investee companies in the portfolio to twenty-five as at 31 December 2022. Seneca have also completed a total of eight full and partial exits since 2019 and have over £4.6 million of cash on the B share pool balance sheet at 31 December 2022. As a result, Seneca believes that it is very well placed to continue to support the existing B share investment portfolio as well as adding attractive new growth capital investments to the B share portfolio from the strong pipeline of opportunities presented to them. We therefore look forward to the continued development of the B share portfolio.

Your Board continues to view the future of our Company with confidence.



John Hustler
Chair
20 April 2023

Investments

Investment Manager’s Report

We have set out in this section further details in relation to the development of both the B and Ordinary share pools and their respective investee companies during 2022.

The B Share Pool

Performance and Dividends

We are pleased with the development of the B share portfolio, having completed more investments in 2022 than in any previous year since launching the B share pool with ten new investments and one follow-on investment. We continue to deliver on our investment strategy of providing a diverse spread of investments for B shareholders across both AIM/AQSE quoted companies and unquoted companies and believe that this remains the most effective strategy to deliver our target returns.

Whilst there has been some softening in AIM prices in the year contributing to the decrease in NAV Total Return per B share to 92.7p as at 31 December 2022 (2021: 109.1p), the benefits offered by AIM quoted investments, including access to capital markets, improved liquidity, stronger reporting and governance requirements as well as the ability to participate more directly in any market recovery, mean AIM remains a core part of the B Share portfolio and deployment strategy.

The negative revenue return of 1.4p per B share for the year is principally a result of the impact of the Company’s running costs on the B share pool; however, shareholders will recall that the Company’s total running expenses are capped at 3% of the B share NAV. As a result, Seneca reduced its annual management fee for 2022 from £303k to £285k to ensure the Company’s annual running expenses stayed within this 3% limit.

The negative capital return of 15.1p per B share for the year was principally due to the decrease in the value of the B share pool’s AIM holdings, partially offset by the profitable exits made in the year which generated £235k of profits.

Bright Network, the talent attraction and recruitment business focussed on the graduate sector, continued its impressive development and returned record trading results for the year to March 2022 with turnover and profits materially up on the prior year. As a result we increased the fair value of Bright Network from £281k to £457k as at 31 December 2022. The second uplift in the unquoted B share portfolio was driven by the completion of a material and successful funding round by Fabacus Holdings Limited (“Fabacus”) at an increased valuation. As a result, Fabacus was revalued to £702k from £563k. Another unquoted portfolio company, SolasCure Limited (“SolasCure”), reached a significant milestone in the year with the commencement of their first in-human clinical trial although its valuation remained unchanged in the year.

Silkfred Limited, an online marketplace for independent ladies’ fashion brands, completed a funding round at a reduced valuation due to a softening in investor appetite to invest in companies with retail exposure. As a result, we reduced the fair value of our investment by 50% from £500k to £250k in line with the price of the last fundraise.

The two B share dividends paid during the year were in line with the Company’s target for 2022 at 3p per year and it should be noted that the profits realised through the eight full and partial B share portfolio exits to date exceeds the total value of dividends paid. Furthermore, the Company has sufficient distributable reserves to enable the continued declaration of B share dividends over the medium term subject to Board approval, the B share pool investment pipeline and liquidity levels.

Investee Company Updates

We are excited about the progress being made by B share investee companies with the vast majority having reported positive trading figures and results despite the challenging economic conditions and volatility in the AIM market in 2022. As noted above and in the Chair’s statement, we are delighted to have increased the B share portfolio by ten new investee companies and uplifted two unquoted portfolio valuations as a result of their continued progress and success.

Investments into new companies in the year:

Company	Description	Amount invested
CPH2 Clean Power Hydrogen	**Clean Power Hydrogen Plc** – Manufacturer in the Hydrogen power generation sector.	£500k
vericiDx	**Verici Dx Plc** – Developer and manufacturer of tests to understand how a patient will and is responding to organ transplant, with an initial focus on kidney transplants.	£280k
Celadon Pharmaceuticals PLC	**Celadon Pharma Plc** – UK-based pharmaceutical company that has obtained a Schedule 1 Controlled Drugs licence from the UK Home Office, focusing on growing indoor hydroponic, high-quality cannabis initially for the chronic pain market.	£530k
Pro Biotix Health	**ProBiotix Health Plc** – A company established by OptiBiotix Health Plc, a B share pool existing investment, to develop probiotics to tackle cardiovascular disease and other lifestyle conditions which are affecting growing numbers of people across the world.	£777k
Alderley Lighthouse Labs	**Alderley Lighthouse Labs** – A northwest based full-service diagnostic business spun out from the UK Lighthouse Lab Network - the largest diagnostic network in British history.	£500k
Oxford BioDynamics	**Oxford BioDynamics Plc** – A global biotechnology company, advancing personalised healthcare by developing and commercialising precision medicine tests for life-changing diseases.	£700k
Bidstack	**Bidstack Group plc** – An advertising technology company which provides dynamic, targeted and automated native in-game advertising for the global video games industry across multiple platforms.	£1,125k
Northcoders Group	**Northcoders Group plc** – A northwest based market leading provider of coding and software development training for businesses and individuals.	£300k
Geomiq	**Geomiq Ltd** – Developer of the digital manufacturing platform of choice for 1200+ professional engineers and procurement teams from over 500 fast-moving hardware companies, and has partnered with over 220 suppliers on an international basis.	£334k
HubBox	**Convenient Collect Ltd (t/a Hubbox)** – Software for retailers including global brands as Macy's, GAP, UGG, Hobbs, Charlotte Tilbury, and Belstaff to offer local pickup options at checkout for customers who want alternatives to home delivery.	£716k

It has been our priority to ensure that we are investing in businesses that are well funded with sufficient cash runway to ensure they are in the best possible position to avoid having to seek further funding in the first 12-18 months, particularly under current market conditions. As a result, we are pleased to report that the £6 million deployed in the year formed part of a combined total fundraise of £87 million across all eleven investments (being the ten noted in the table above plus a follow on investment into Arecor). This is indicative of the size and type of companies we like to invest in and the degree of growth capital we think is important to deploy to sufficiently fund these businesses. We are excited about the potential that lies within the B share investment portfolio and have included updates in relation to the top ten investments by value in the B share pool investee companies later in this Investment Manager's Report.

AIM Quoted Investments

We were encouraged that during the year we continued to see a high volume of AIM investment opportunities and whilst the softening of the market has led to some unrealised losses in relation to the AIM investments made by the B share pool, it has also meant we were able to deploy funds at more attractive values. This resulted in seven new AIM investments being added to the B share portfolio and one follow-on AIM investment in portfolio company Arecor to support the business as it completed the strategic acquisition of Tetris Pharma.

The AIM market continued to provide opportunities to both invest and de-risk existing holdings yielding attractive returns for investors. As such we took the opportunity to fully realise our investment in Clean Power Hydrogen Plc ("CPH2") and to partially realise our holdings in SkinBioTherapeutics Plc ("SkinBio") and Bidstack Group plc ("Bidstack").

In early 2022, the Company was able to realise a profitable exit for its holding in CPH2 providing a return of 1.3x on original investment cost.

The Company was also able to sell 125,000 shares in SkinBio, which represented 2.7% of the original holding of 4,677,107 shares, reducing the remaining holding to 1,857,107 shares. These were sold at a share price of 51.5p per share providing a return of 3.2x on original investment cost.

Following our investment in Bidstack, we assessed our holdings post-IPO and in line with our AIM strategy of harvesting early profits where possible we took advantage of a brief increase in share price to realise a proportion of our shares at a profit and to de-risk our holding as both company specific and macro trends evolved. Throughout November and December 2022, we sold 7,350,000 Bidstack shares at a 1.1x return.

Co-investing With Seneca EIS Funds

More generally we continue to develop Seneca's position in the market as an active growth capital investor and up to 31 December 2022, Seneca has raised and deployed more than £140 million of EIS and VCT capital into over 65 SME companies, through over 130 funding rounds, since we undertook our first EIS investment in 2012. This includes £12 million raised and deployed to date by the B share pool, a significant proportion of which has been co-invested with Seneca EIS funds. Seneca has recently made its 30th exit from its EIS funds and has now returned more than £70m of exit proceeds to investors.

The twenty-five investments in the B share portfolio had a value of £10,602k as at 31 December 2022 and all but four are co-investments with EIS funds also managed by Seneca. We believe that the opportunity for the Company's B share pool to co-invest with EIS funds that are also managed by Seneca provides the B share pool with a number of advantages including being able to participate in a higher number of investments, of a larger scale, into more established businesses than would be possible for the B share pool on a standalone basis.

Further, as a result of our position in the UK market as an active growth capital investor we maintain a strong pipeline of investment opportunities, particularly in the North of England, with a focus on well managed businesses with strong leadership teams that can demonstrate established and proven concepts in addition to growth potential. We aim to invest in both unquoted and AIM/AQSE quoted companies and are pleased to have completed eight additional AIM/AQSE quoted investments in the year.

Fundraising

Our fourth B share offer concluded in August 2022, bringing total funds raised to £17,335k. Our fundraising efforts have since continued under our fifth B share Offer, with a further £985k being raised under this Offer as at 31 December 2022. We are encouraged by the funds raised and remain focused on increasing the size of the B share pool, which will in turn allow us to increase the number and diversity of new investments that we make.

Post year end events and outlook

Following the financial year end reporting period, quoted portfolio company Bidstack announced on 3 January 2023 that they received notification that their largest customer and reseller had served notice that they wanted to withdraw from a major contract with Bidstack. As a result, Bidstack's share price fell by c.30%, closing at 1.95p on 3 January 2023, down from the 2.75p closing bid price as at 31 December 2022.

Further, on 9 January 2023 Poolbeg Pharma Plc ("Poolbeg") announced positive initial data analysis from the successful completion of a POLB 001 trial to address the significant unmet medical need to treat a common inflammatory response to severe influenza. The Poolbeg share price increased by 50% in the days following the announcement from 5.9p as at 31 December 2022 to 8.9p per share at close of trading on the day of the announcement. The full data read-out is expected in Q2 2023 following a final quality check of the unblinded data.

The net impact on the B share NAV as a result of these two changes in share price was not material to the B share NAV.

We also note the successful exit of B share portfolio unquoted investee company Qudini Ltd ("Qudini") in January 2023. This was the result of the sale of the company to US software business Verint Systems, a leader in workforce engagement management. The consideration comprised an upfront payment equal to the B share pool's initial investment and the potential to receive up to a further 0.44x of the initial investment subject to Qudini's trading performance in the three years following the sale. The upfront payment has further bolstered the liquidity of the B share pool to enable the continued development of the portfolio.

On 21 February 2023, Ten80 Group Ltd. was put into liquidation; however, this has not had any impact on the B share NAV as it was already held at £nil value in the B share portfolio.

On 6 March 2023, we completed an investment of £376k into AIM quoted Engage XR Holdings Plc ("Engage XR"). Engage XR is a professional Metaverse platform used by large fortune 500 companies looking for an immersive way to engage employees in remote events, training/ development and collaboration. The company raised €9.9 million (before expenses) which provides them with a robust cash runway through to 2025 when the company expects to hit profitability.

The Company also declared an interim B share dividend of 1.5p per B share on 7 March 2023 to be paid on 19 May 2023.

The Company raised an additional £933k following the financial year end and issued 1,233,811 additional B shares on 5 April 2023 at the 31 March 2023 unaudited B share NAV (as announced on 4 April 2023) of 73.8p per B share. Due to a softening in the bid prices of some of the B share pool's AIM/AQSE quoted investments since the financial year end, the B share pool's unaudited NAV per B share reduced by 6.9p to 73.8p (31 December 2022: 80.7p).

The B share pool also completed a follow-on investment of £500k into Old Street Labs Limited (t/a "Vizibl") in April 2023.

We look forward to continuing to increase the funds raised for the B share pool under the current Offer and with several new investment opportunities in the later stages of due diligence, we expect to add to the portfolio of B share investee companies in the coming months.

Investment Portfolio – B Shares

Unquoted Investments

	Equity held %	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2022 £'000	Movement in the year to 31 December 2022 £'000
SolasCure Limited	2.5	750	333	1083	0
Convenient Collect Ltd	5.8	716	0	716	0
Fabacus Limited	1.8	500	202	702	139
Alderley Lighthouse Labs	34.7	500	0	500	0
Old Street Labs Ltd	3.5	500	0	500	0
Qudini Ltd	2.2	500	0	500	0
Bright Network Ltd	1.7	235	222	457	176
Geomiq Ltd	1.1	334	0	334	0
Silkfred Limited	<1.0	500	(250)	250	(250)
Ten80 Group Ltd	7.5	400	(400)	0	0
Total unquoted investments		**4,935**	**107**	**5,042**	**65**

Quoted Investments

	Shares held	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2022 £'000	Movement in the year to 31 December 2022 £'000
Polarean Imaging plc	1,644,070	986	(82)	904	0
Bidstack Group plc	32,123,391	916	(32)	884	(32)
ProBiotix Health Plc	3,722,445[1]	777	(70)	707	(71)
Arecor Therapeutics plc	252,947	620	(38)	582	(309)
Oxford Biodynamics Plc	3,500,000	700	(130)	570	(130)
Poolbeg Pharma plc	7,550,000	755	(310)	445	(234)
Northcoders Group plc	100,000	300	0	300	0
SkinBioTherapeutics plc	1,857,107	297	(19)	278	(483)
Aptamer Group plc	495,726	580	(332)	248	(406)
Evgen Pharma plc	5,000,000	400	(180)	220	(30)
Celadon Pharmaceuticals plc	320,956	530	(369)	161	(369)
Gelion plc	250,492	363	(240)	123	(228)
Verici DX plc	799,865	280	(192)	88	(192)
OptiBiotix plc[2]	350,000	103	(57)	46	(72)
Abingdon Health plc	78,250	75	(71)	4	(20)
Total quoted investments		**7,682**	**(2,122)**	**5,560**	**(2,576)**
Total investments		**12,617**	**(2,015)**	**10,602**	**(2,511)**

[1] Includes 194,135 shares received as a dividend in specie on 31 March 2022 ("Dividend Shares") as a result of the spin out and listing on AQSE of the ProBiotix Health Plc ("Probiotix") division of B share pool investee company OptiBiotix Health Plc ("OptiBio") as a standalone entity in addition to the 3,528,310 shares purchased by the B share pool as part of the same transaction. These Dividend Shares were received as a result of the B share pool's shareholding in OptiBio at the point of the ProBiotix IPO.

[2] The cost of the B share pool's remaining holding in OptiBio at the point of the ProBiotix IPO has been split between the Dividend Shares and the remaining OptiBio shares pro-rata to their respective values on 31 March 2022. As a result, the £140k original investment cost of the B share pool's remaining holding in OptiBio, has been reduced by the amount allocated to the Dividend Shares of £37k.

Exits for the Year

	Investment Date	No. of Shares sold	Investment at cost £'000	Sale Proceeds £'000	Realised profit/(loss) £'000	Exit Multiple
SkinBioTherapeutics plc*	February 2019	125,000	20	64	44	3.1
Clean Power Hydrogen Plc	February 2022	1,111,111	500	672	172	1.3
Bidstack Group plc*	October 2022	7,350,000	209	228	19	1.1
Total			**729**	**964**	**235**	**1.3**

**Partial exit*

B Share Pool – Investment Portfolio

Listed below are details of the Company's ten largest B share pool investments by value as at 31 December 2022.

Solascure Limited

Initial investment date	January 2021
Cost	£750,000
Valuation	£1.1 million
Equity type	Unquoted
Equity held	2.5%
Last statutory accounts	30 June 2022
Turnover	Not Disclosed
Profit/loss before tax	Not Disclosed
Net assets	£5.9 million
Valuation method	Price of last fundraise

Solascure is an early stage wound care specialist, originally spun out of and working alongside BRAIN (world leading German biotech company), to develop a new-to-market wound care product.

Solscure's Aurase product is a gel-based product that efficiently and gently cleans wounds, making the healing process much more straightforward. Pre-clinical work has been extremely positive and the clinical trial is now underway.

Chronic wounds are a growing global problem, and alternative methods of treatment for hard to heal wounds are extremely expensive, ineffective, impractical and slow. Solascure's proprietary technology utilises "maggot theory" debridement without the cost or labour input of live maggots. In simple terms, it uses maggot enzymes to facilitate and also promote the body's own wound cleansing processes. Core benefits of the product are the clear practical elements, as well as the reduced time scale to full debridement without delaying wound healing.

Progress made by the company in 2022 includes:

The enrolment of 45 patients for the phase I clinical trial across eight sites including 1 in the UK, 2 in Hungary and 5 in the US (the trial completed in Q1 2023 with results expected to be announced later in the year).

Three different national regulators and a host of other ethics review boards have seen and approved the protocol and supporting documents for the phase I clinical trial, with no adverse comments or rejections.

Commencement of a £1.3 million funding round to complete the phase I trial and better position the business to obtain a strategic partner to enter the next phase clinical and product development. At the date of this report, the round was oversubscribed in excess of £2.5 million.

Polarean Imaging Plc

Initial investment date	March 2021
Cost	£986,000
Valuation	£904,000
Equity type	Quoted
Equity held	<1.0%
Last statutory accounts	31 December 2021
Turnover	£1.2 million
Loss before tax	£14.0 million
Net assets	£34.5 million
Valuation method	Bid price of 55p per share

Polarean Imaging Plc ("Polarean") is a healthcare technology company with a proprietary drug-device combination that provides a visual representation of ventilation and gas exchange in the lungs. This is achieved by the patient inhaling polarised Xenon-129 gas (a non-radioactive, noble gas) whilst having an MRI scan. Polarean technology is effectively an add-on feature for research and clinical medical environments using MRI scanners. There are an estimated 35,000 MRI scanners being used globally.

In March 2021, Polarean raised additional capital ahead of the final U.S. Food and Drug Administration's ("FDA") approval to position the business for commercial scale and as part of that £20m round, with up to £9m VCT/EIS qualifying, Seneca came in as a cornerstone investor with just under £1m invested through the VCT and a further £400k in EIS funds. Seneca had invested from its EIS funds in March 2020 to provide working capital support during the period from initial FDA submission in H2 2020 to anticipated clearance and through to commercial launch.

Progress made by the company in 2022 includes:

FDA approval for XENOVIEW, the first and only hyperpolarised MRI contrast agent for novel visualization of lung ventilation without exposing patients to any ionizing radiation and its associated risks for both adolescents and adults representing a significant market opportunity. Polarean's commercial team are now ready to rapidly launch the product for clinical application and sales.

Net cash of US$16 million as at December 2022, which based on strategic decisions, could finance the company into 2024.

Participation in a research collaboration with Oxford University Hospitals NHS Trust for long-COVID and the company's product was featured in top-tier academic research publications exploring its application in Asthma, COPD, cardiopulmonary disease, endobronchial valve replacement and long-COVID.

Selection as one of the featured companies surrounding novel developments in interstitial lung disease at the 2022 ATS Respiratory Innovation Summit.

POLAREAN
BREATHTAKING IMAGES

BIDSTACK

Bidstack plc

Initial investment date	October 2022
Cost (of the portion of the original investment still held as at 31 December 2022)	£916,000
Valuation	£884,000
Equity type	Quoted
Equity held	2.5%
Last statutory accounts	31 December 2021
Turnover	£2.6 million
Loss before tax	£7.9 million
Net assets	£10.1 million
Valuation method	Bid price of 2.75p per share

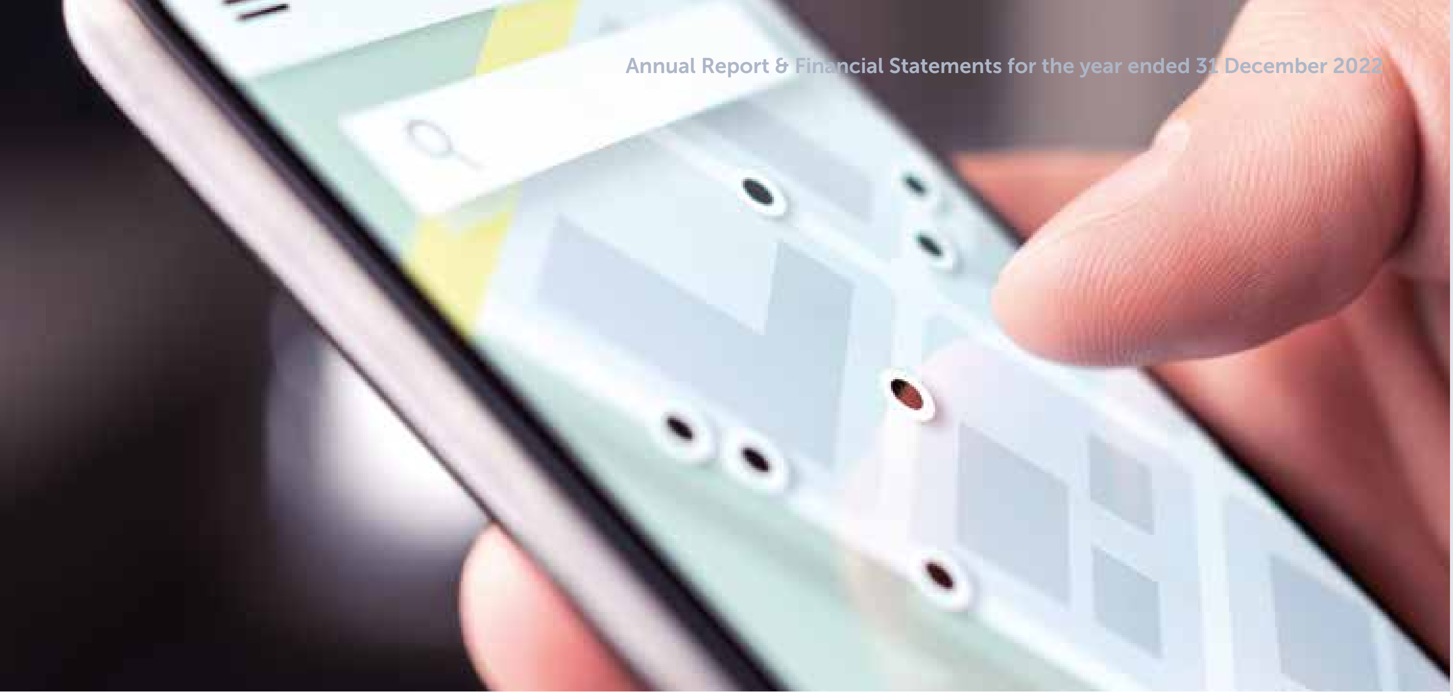
Bidstack is an advertising technology company which provides dynamic, targeted and automated native in-game advertising for the global video games industry across multiple platforms. Its proprietary technology is capable of inserting advertisements within video games. Bidstack's customers are games publishers and developers (on the supply side), and advertising agencies, brands and media-buying platforms (on the demand side).

Progress made by the company since initial investment in October 2022 includes:

Expanding its exclusive native in-game advertising partnership with a leading, global AAA game publisher through the addition of two mobile titles.

Signing with global mobile developer Outfit7 for its portfolio of games which have global reach (up to 470 million monthly active users).

Securing a partnership with Unity as a "Unity Verified Solution". The status has been rigorously tested and will see the Bidstack software development kit featured on Unity platforms as a "best in class" monetisation solution for game developers.



Convenient Collect Ltd (t/a HubBox)

Initial investment date	December 2022
Cost	£716,000
Valuation	£716,000
Equity type	Unquoted
Equity held	5.8%
Last statutory accounts	31 December 2021
Turnover	Not Disclosed
Profit/loss before tax	Not Disclosed
Net assets	£419,000
Valuation method	Cost and price of recent investment (reviewed for any fair value adjustment)

HubBox has developed plug-and-play software that gives shoppers a choice between home delivery and local pickup when they check-out on a retailer's website. This software has been created in conjunction with the largest global delivery network providers (including UPS and DPD) and is compatible with major ecommerce platforms like Shopify. Couriers are facing eroding margins on home deliveries as costs associated with the 'last mile' problem rise, and retailers are suffering from lost deliveries and failed delivery charges.

HubBox provides ecommerce software that integrates with both the retailer and the courier, enabling the retailer to offer shoppers the option to Click & Collect from the courier's network of Pick Up Points. The software turns what would otherwise be a complex, costly and lengthy piece of custom development work for retailers into a simple integration that can be completed in a matter of hours.

Progress made by the company since initial investment in December 2022 includes:

Partnering with leading UK courier DPD as their software partner for DPD Pickup. With 6,500 pickup locations across the UK, DPD's network is far reaching and offers a secure way for shoppers to pick up their parcels from a chosen location, including retailers like Sainsbury's, Post Office and Matalan, as well as newsagents and pharmacies.

Teaming up with UPS Europe. UPS has an ever-expanding network of secure-pickup locations across the world with over 30,000 access points in European countries alone including Austria, Belgium, Germany France the Netherlands and Switzerland.

ProBiotix Health Plc

Initial investment date	April 2022
Cost	£777,000
Valuation	£707,000
Equity type	Quoted
Equity held	3.0%
Last statutory accounts	30 June 2022
Turnover	£306,000
Loss before tax	£74,000
Net Assets	£2.6 million
Valuation method	Bid price of 19p per share

ProBiotix was formerly a wholly owned subsidiary of OptiBiotix Health Plc (another of the Company's investments). In March 2022, the company spun out of OptiBiotix Health Plc, raised £2.5 million and listed on the AQSE Growth Market with a market cap of £26 million. The separate listing of ProBiotix had been a publicly stated strategic possibility for some time, following in the footsteps of SkinBiotherapeutics plc which spun out and listed in 2017.

The focus of ProBiotix's operations is human microbiome-modulating compounds that tackle cardiovascular disease and other lifestyle conditions using the LP-LDL 'good bacteria' strain which is generally recognised to have the ability to reduce 'bad' cholesterol in humans by more than a third.

The separate listing of ProBiotix was designed to accelerate commercial progress, grow direct-to-consumer product sales and expand into further key markets like dairy and pharma.

Progress made by the company since April 2022 includes:

Strengthening the management team with the appointment of new CEO Steen Andersen who has more than 30 years' experience in building businesses in the probiotics industry.

Confirming orders received during the year to the end of August 2022 (£1.12 million) exceeding those invoiced and reported in the full year results for 2021. The company is well funded with over £2 million in the bank at June 2022 that will fund the expansion of products into new territories, increase direct-to-consumer sales and develop new technologies.

Fabacus Holdings Limited

Initial investment date	February 2019
Cost	£500,000
Valuation	£702,000
Equity type	Unquoted
Equity held	1.8%
Last statutory accounts	31 August 2021
Turnover	Not Disclosed
Profit/loss before tax	Not Disclosed
Net assets	£10.5 million
Valuation method	Price of last fundraise

Fabacus is an independent software company that has developed a complete product lifecycle solution, Xelacore, aimed at bringing transparency to supply chain networks, with an initial focus on resolving the interaction and information flow between global licensors and their licensees.

Xelacore is a modular, Software as a Service solution with an intuitive interface and proprietary data aggregation and management engine that allows all stakeholders to operate on a single unified and collaborative platform. It bridges the gaps in an inefficient process within the current retail ecosystem by creating authenticated, enriched universal records that unlock opportunities, reduce risk and drive performance for both licensors and licensees.

Progress made by the company in 2022 includes:

Completed a fundraise in conjunction with Wealth Club, a UK investment service for high net worth individuals and sophisticated investors, at an increased valuation of £38 million based on a robust pipeline and steady revenue growth.

Teamed up with Skydance Animation to launch global consumer rewards activations through its licensed products for Apple Original Films, Luck and Spellbound.

Plans announced to grow revenue to over £100 million by 2027, working alongside the world's largest licensees.

Arecor Therapeutics Plc

Initial investment date	May 2021
Cost	£620,000
Valuation	£582,000
Equity type	Quoted
Equity held	<1.0%
Last statutory accounts	31 December 2021
Turnover	£1.2 million
Loss before tax	£6.9 million
Net assets	£18.5 million
Valuation method	Bid price of 230p per share

Arecor

Arecor raised £20 million in its AIM IPO on 3 June 2021. Arecor was an existing investee company of the Ordinary share portfolio and the B share pool invested £425k in the IPO. The Ordinary share pool also supported the IPO with a further investment of £85k.

Arecor is a globally focused biopharmaceutical company that is aiming to transform patient care by bringing innovative medicines to market through the enhancement of existing therapeutic products. By applying its innovative proprietary formulation technology platform, Arestat™, Arecor is developing a portfolio of proprietary products in diabetes and other indications and is working with leading pharmaceutical and biotechnology companies to deliver enhanced reformulations of their therapies.

Arecor's treatments for people living with chronic disease are designed to advance patient care and improve clinical outcomes. Its product portfolio for diabetes currently includes novel insulin formulations to deliver an ultra-rapid acting insulin (AT247), and an ultra-concentrated rapid acting insulin (AT278).

Progress made by the company in 2022 includes:

The completion of a £6 million placing to support both the strategic acquisition of global pharma company Tetris Pharma Ltd and the further development of the company's key commercial diabetes products. The acquisition of Tetris Pharma provides Arecor with the infrastructure to directly market selected niche products from its Specialty Hospital products franchise, which should accelerate Arecor's goal of becoming a research-led self-sustaining pharmaceutical company.

Initiating the phase I US clinical trial for AT247, an ultra-rapid acting insulin product candidate, delivered by continuous subcutaneous infusion via an insulin pump over three days.

Presenting positive phase I clinical data of AT278, its ultra-rapid acting, ultra-concentrated insulin product candidate, at leading international diabetes conference "The International Conference on Advanced Technologies and Treatments of Diabetes", in April 2022.

Signing an exclusive formulation study collaboration with a top five global pharmaceutical company.

Securing enhanced IP protection through the grant of three European patents (two post-period end) and one US patent.

Launching its Ogluo® product in Germany and Austria, enabled by an agreement signed with Syneos Health in December to provide an outsourced contract sales force.

Transferring AT307 to Hikma Pharmaceuticals plc, a British multinational pharmaceutical company, which will now take responsibility for the development of the AT307 product and seeking FDA approval.

Reporting results in line with market expectations, including a closing cash balance of £12.8 million as at 31 December 2022.

Oxford Biodynamics Plc

Initial investment date	October 2022
Cost	£700,000
Valuation	£570,000
Equity type	Quoted
Equity held	2.0%
Last statutory accounts	30 September 2022
Turnover	£154,000
Loss before tax	£7.6 million
Net assets	£11.3 million
Valuation method:	Bid price of 16.3p per share

Oxford BioDynamics is a global biotechnology company, advancing personalized healthcare by developing and commercializing precision medicine tests for life-changing diseases.

Its flagship product is EpiSwitch® CiRT (Checkpoint Inhibitor Response Test) for cancer, a predictive immune response profile for immuno-oncology checkpoint inhibitor treatments, launched in February 2022.

Oxford BioDynamics has participated in more than 40 partnerships with big pharma and leading institutions including Pfizer, EMD Serono, Genentech, Roche, Biogen, Mayo Clinic, Massachusetts General Hospital and Mitsubishi Tanabe Pharma.

The company has created a valuable technology portfolio, including biomarker arrays, molecular diagnostic tests, bioinformatic tools for 3D genomics and an expertly curated 3D genome knowledgebase comprising hundreds of millions of data points from over 10,000 samples in more than 30 human diseases.

Progress made by the company since initial investment in October 2022 includes:

Obtaining a unique US reimbursement code for its EpiSwitch CiRT product; a key milestone for the company, patients and their doctors. This code allows the insurance reimbursement under Medicare, Medicaid and private payers.

Positive initial results reported by Massachusetts General Hospital from an interim analysis conducted for the REFINE-ALS biomarker trial. The EpiSwitch platform was chosen for its ability to prognose at presentation, from a blood sample, which ALS patients are likely to have a fast or slow progressing disease before starting treatment. The results were encouraging and allowed the medical team to examine clinically meaningful systematic biomarkers in the trial.

Alderley Lighthouse Labs Limited

Initial investment date	October 2022
Cost	£500,000
Valuation	£500,000
Equity type	Unquoted
Equity held	34.6%
Last statutory accounts	N/A
Turnover	N/A
Loss before tax	N/A
Net assets	£363,000
Valuation method	Cost and price of recent investment (reviewed for any fair value adjustment)

Alderley Lighthouse Labs is a next generation UK diagnostic laboratory, operating from a 3,500 sqft facility providing first-class office and laboratory space at Alderley Science Park in the Northwest of England.

The business incorporates a broad testing repertoire across blood and molecular testing. It is led by two founding directors Mark Wigglesworth and Simon Chapman, with extensive and expert knowledge of the UK's diagnostic market, having played a pivotal role in the rapid deployment of COVID-19 diagnostic testing in the North of England throughout the global pandemic.

The UK diagnostics market has been disrupted by COVID and combined with the economic pressures on the NHS, is accelerating further change in the sector and growth in commercial opportunities for private diagnostics.

Progress made by the company in 2022 includes:

Recruitment of initial team of 11 completed including 5 qualified Biomedical Scientists hand-picked from the North West's COVID-19 screening programme bringing clinical leadership experience, cutting-edge informatics capability and fulfilling key corporate accreditation requirements.

Gained all of the necessary accreditations including UKAS 15189, CQC and successful GCP audit. This a major milestone in establishing a presence in this arena, acting as a significant barrier to new entrants and competing offerings.

Laboratory testing equipment with a replacement value in excess of £1.2m commenced operations providing testing capacity of up to £10m+ per annum.

Industry leading IT platform which facilitates real time integration with customer data sets deployed and enables preferential interaction with new consumer facing digital organisations.

Establishing a well-advanced pipeline of revenue and new contract opportunities, including a number of successful validation studies and projects on behalf of global commercial partners.

ALDERLEY LIGHTHOUSE LABS

Old Street Labs Limited (t/a Vizibl)

Initial investment date	March 2019
Cost	£500,000 (follow on investment of a further £500,000 made in April 2023)
Valuation	£500,000
Equity type	Unquoted
Equity held	3.5%
Last statutory accounts	31 March 2022
Turnover	Not Disclosed
Profit/loss before tax	Not Disclosed
Net liabilities	£3.1 million
Valuation method	Revenue multiple

Old St Labs is a provider of cloud based, supplier collaboration tools for large, blue chip customers, enabling them to manage key supplier relationships and strategic project work. The core product, Vizibl, seeks to make supplier collaboration much more straight forward, with key focus on compliance, savings / efficiency and driving growth across the business.

Vizibl is the only SaaS workspace that supports collaborative supplier relationships, bringing all points of contact together in one place, providing visibility across the company and eliminating duplication of efforts. Vizibl's real-time reporting speeds up decision making, drawing on and sharing the expertise of the community in the process. The offering taps into a growing trend in supplier collaboration, having moved on from the initial focus on compliance, to an increased emphasis on savings / efficiency, and recent developments highlighting the benefits in terms of wider growth strategy for large customers.

Progress made by the company in 2022 includes:

Securing new contracts with Santander, British American Tobacco, Johnson & Johnson and Kraft Heinz.

Launching the Supplier Sustainability Management (SSM) module, which has seen the business tap into significant ESG / sustainability budgets. By 2030, all large corporates are required to report on the impact of both their business and their suppliers on the environment, meaning that reporting, analysis and improvement tools are trading at a premium. The Vizibl SSM module is market leading in this space.

The Ordinary Share Pool

Shareholders will recall that responsibility for the management of the Ordinary share pool investments continues to rest with those remaining members of the Board of Directors who were serving prior to Seneca's appointment as Investment Manager on 23 August 2018, which now includes John Hustler and Richard Roth.

Due to personal and increased business commitments, Richard Roth has informed the Board that he will retire as an independent non-executive Director of the Company at the forthcoming AGM with effect from 18 May 2023.

Following Richard's retirement from the Board, the Directors are reviewing the future of the CAC's responsibilities; however, for the time being, the Board have asked Richard to continue to be a member of the CAC for a period of three months following his retirement and he has agreed.

Performance

AIM Quoted Investments

The Ordinary share pool's largest investment is AIM quoted Scancell, which represented 80% of the Ordinary share pool's NAV as at 31 December 2022. As at the financial year-end, the Scancell share price increased by 23% from 19.5p as at 31 December 2021 to 24p at 31 December 2022, predominantly driven by a run of positive news releases in the final quarter of the year, the highlight being a potential $624 million licensing deal for Scancell's proprietary GlyMab® platform. At times during the year the Scancell bid price was above the year end price of 24.0p. The Company was able to sell a small portion of Scancell shares during the year (1,000,000 shares, 9%, were sold from a holding at the start of the year of 11,000,000 shares) realising £258k and generating a profit versus original cost of £198k (a 4.3x return on the original investment) and a profit versus the 31 December 2021 carrying value of £64k. The Ordinary share pool's remaining stake in Scancell of 10,000,000 shares increased in value by £450k during the year to stand at £2,400k as at 31 December 2022.

As at 31 December 2022, the Ordinary share pool's investment in Arecor represented 17% of the Ordinary share pool's NAV and the quoted bid price of Arecor shares decreased from 370p as at 31 December 2021 to 230p, softening the year end NAV per Ordinary share.

As noted above, the Ordinary share pool's NAV fluctuates largely in line with the movement in the AIM quoted investments and following the year end there was a reduction Scancell's share price, offset by an increase in Arecor's share price. As at 31 March 2023, shares in Scancell were valued at 15.5p per share (31 December 2022: 24p) and shares in Arecor were valued at 250p per share (31 December 2022: 230p). As a result, on 4 April 2023 the Company announced an updated unaudited NAV per Ordinary share of 28.4p as at 31 March 2023.

However, both Scancell and Arecor have significant commercial opportunities ahead of them and as such we remain optimistic about the future of these businesses and will continue to monitor their progress.

Unquoted Investments

The Company adjusted the fair value of two Ordinary share pool unquoted investee companies in the year, resulting in a total Ordinary share unquoted portfolio value of £59k.

Insense informed the Company that its largest shareholder was no longer able to fund the business and as they had not been successful in raising funds from new or existing shareholders to sustain the business, we reduced the fair value of the investment from £121k down to £nil.

The Board also made a 50% provision against the fair value of Fuel 3D (£117k as at 31 December 2021) as a result of slower than expected progress and commercial traction. Therefore, the carrying value of Fuel3D was £59k as at 31 December 2022.

On 23 November 2022, OR Productivity Limited was put into administration; however, this has not had any impact on the Ordinary share NAV as it was already held at £nil value in the Ordinary share portfolio.

Dividends and Outlook

As a result of the above AIM quoted Scancell realisation, the Ordinary share pool was able to pay a dividend of 2p per Ordinary share during the year.

The Total Return in relation to the Ordinary shares is now 108.4p comprising cumulative distributions of 71.3p per Ordinary share and a residual NAV per Ordinary share of 37.1p as at 31 December 2022.

As referred to in the Chair's Statement and announced on 7 March 2023, the Board have declared a further Ordinary share pool interim capital dividend of 2p per Ordinary share payable on 19 May 2023.

As noted in the Chair's statement, the Company is focussed on realising assets in the Ordinary share pool at the appropriate time with the proceeds then being distributed to Ordinary shareholders as dividends – it is therefore noteworthy that realisations in the last five years have enabled the payment of a total of 47p per Ordinary share in dividends to Ordinary shareholders, representing 73.6% of the NAV per Ordinary share as at 31 December 2017. Notwithstanding this success, we remain confident that, overall, there remains the opportunity to realise further value for Ordinary shareholders in due course (particularly in relation to our AIM holdings).

Investment Portfolio – Ordinary Shares

Unquoted Investments

	Equity held %	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2022 £'000	Movement in the year to 31 December 2022 £'000
Fuel 3D Technologies Limited	<1.0	299	(240)	59	(58)
Insense Limited	4.6	509	(509)	0	(121)
OR Productivity Limited	3.7	765	(765)	0	0
Microarray Limited	3.0	132	(132)	0	0
ImmunoBiology Limited	1.2	868	(868)	0	0
Total unquoted investments		**2,573**	**(2,514)**	**59**	**(179)**

Quoted Investments

	Shares held	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2022 £'000	Movement in the year to 31 December 2022 £'000
Scancell Holdings plc	10,000,000	605	1,795	2,400	450
Arecor Limited	223,977	227	288	515	(314)
Total quoted investments		**832**	**2,083**	**2,915**	**136**
Total investments		**3,405**	**(431)**	**2,974**	**(43)**

Exits for the Year

	Investment Date	No. of Shares sold	Investment at cost £'000	Sale Proceeds £'000	Realised profit/(loss) £'000	Exit Multiple
Scancell Holdings plc *	December 2003	1,000,000	60	258	198	4.3
Total			**60**	**258**	**198**	**4.3**

*Partial exit

Ordinary Share Pool – Investment Portfolio

Listed below are details of the Company's Ordinary share pool investments as at 31 December 2022.

Scancell Holdings plc

Initial investment date	December 2003
Cost (of the portion of the original investment still held as at 31 December 2022)	£605,000
Valuation	£2.4 million
Equity type	Quoted
Equity held	1.2%
Last statutory accounts	30 April 2021
Turnover	£nil
Loss before tax	£3.7 million
Net assets	£18.1 million
Valuation method	Bid price of 24p per share

Scancell is an AIM listed biotechnology company that is developing a pipeline of therapeutic vaccines to target various types of cancer, with the first target being melanoma.

The ImmunoBody platform technology educates the immune system how to respond – this means that the technology can also be licensed to pharmaceutical companies to assist the development of their own therapeutic vaccines, which is an area of emerging importance for which a number of big pharmaceutical businesses do not have in-house technology.

In addition, in 2012 a second platform technology, Moditope, was announced and is based on exploiting the normal immune response to stressed cells and is complementary to the ImmunoBody platform. The AvidMab platform was established in 2018 which allows direct tumour killing. Scancell continues to develop its multiple technologies.

Progress made by the company in 2022 includes:

Signing a licensing agreement with Genmab to develop and commercialise an anti-glycan mAb, with the company being eligible to receive milestone payments of up to $208 million for each product developed and commercialised, up to a maximum of $624 million if Genmab develops and commercialises products across all defined modalities.

The enrolment of fourteen patients, including dosing in the expansion phase of the monotherapy arms in the multicentre Phase 1/2 Modi-1 clinical trial (ModiFY). First patient dosed in Cohort 3 of ModiFY in combination with a checkpoint inhibitor (CPI). There have been no safety issues to date.

Expansion of SCIB1 Phase 2 combination trial (SCOPE) protocol to include SCIB1 in combination with checkpoint double therapy leading to significantly increased recruitment rate.

In-licensing of the SNAPvax™ technology from Vaccitech plc to formulate and manufacture Modi-2, with the aim of initiating a Phase 1 clinical study in cancer patients during H1 2024.

Completing the recruitment in COVIDITY Phase 1 clinical trial in South Africa, with safety and immunogenicity data expected in Q1 2023, providing read across to our second-generation ImmunoBody® platform.

Arecor Therapeutics Plc

Initial investment date	January 2008
Cost	£227,000
Valuation	£515,000
Equity type	Quoted
Equity held	<1.0%
Last statutory accounts	31 December 2021
Turnover	£1.2 million
Loss before tax	£7 million
Net assets	£18.5 million
Valuation method	Bid price of 230p per share

Arecor was admitted to the AIM market on 3 June 2021 and raised £20 million at that point. Arecor was an existing investee company of the Ordinary share portfolio and the B share pool invested £425k in the IPO. The Ordinary share pool also supported the IPO with a further investment of £85k.

For more information on the company and progress made in the year, please see page 26, B Share Pool Investment Portfolio summary.

Arecor

Richard Manley
Seneca Partners Limited
20 April 2023

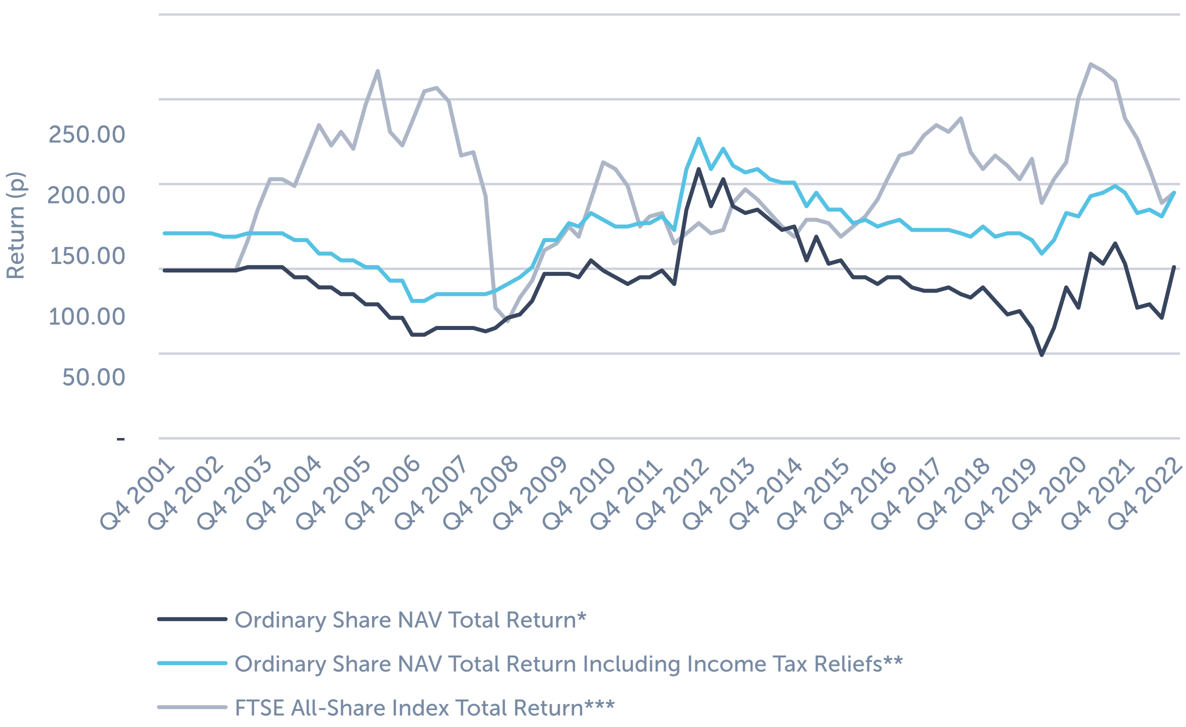
Business Review

Company Performance

The Board is responsible for the Company's investment strategy and performance.

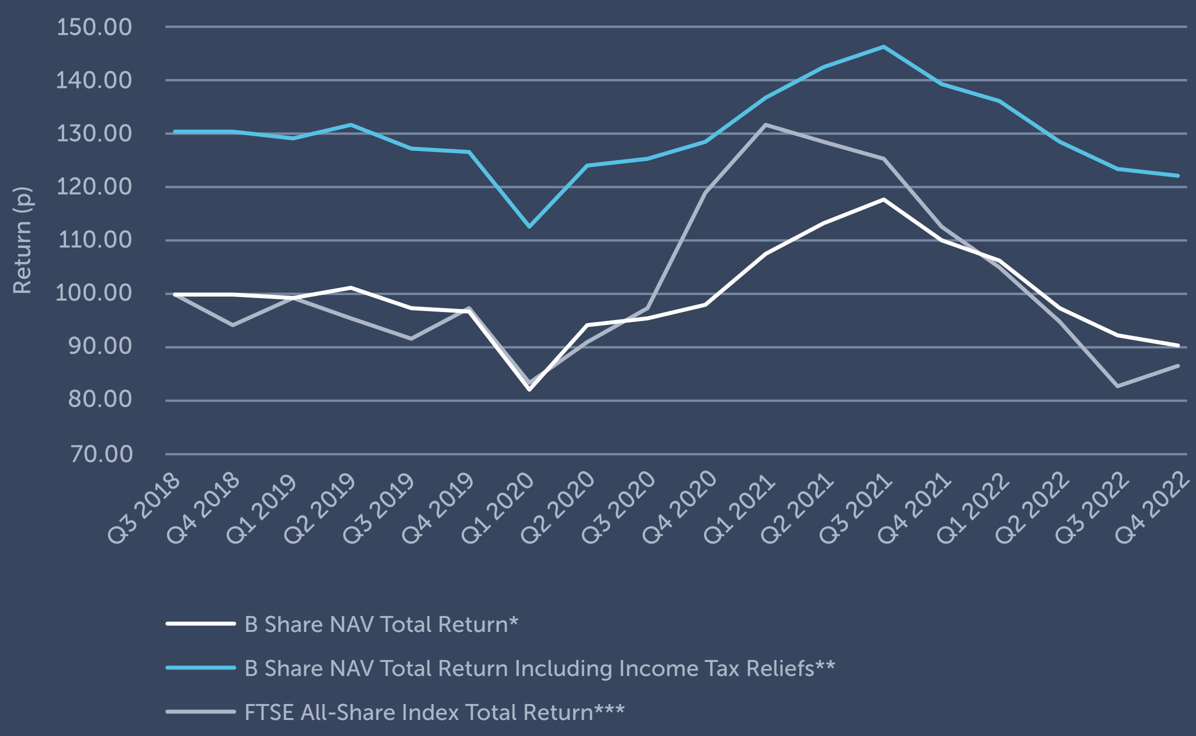
The graphs below compares the NAV return (rebased to 100) of the Company's Ordinary shares over the period from launch in October 2001 to December 2022 and the B shares from launch in August 2018 to December 2022, with the total return from a notional investment (rebased to 100) in the FTSE AIM All-Share Index over the same period. This index is considered to be the most appropriate equity market against which investors can measure the relative performance of the Company due to average market cap per listing, risk profile and its investor base being more directly comparable to the Company's. However, the Directors wish to point out that VCTs have very restrictive investment criteria in their observance of the VCT rules.

Ordinary Share Performance



* Ordinary Share Historic NAV total return rebased to 100p at launch
** Ordinary Share Historic NAV total return plus 30% upfront income tax relief rebased to 100p at launch
*** AIM All Share total return basis, rebased to 100

B Share Performance



* B Share Historic NAV total return rebased to 100p at launch
** B Share Historic NAV total return plus 30% upfront income tax relief rebased to 100p at launch
*** AIM All Share total return basis, rebased to 100

The NAV Total Return to the investor, is calculated in accordance with AIC Methodology, which includes the NAV plus dividends paid (rebased to 100p) from launch.

Results - Return on ordinary activities as per Income Statement

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Net return attributable to Ordinary shareholders	**13**	1,029
Net return attributable to B shareholders	**(2,762)**	1,067
Total	**(2,749)**	2,096

Key Performance Indicators (KPIs)

The Board uses a number of measures to assess the Company's success in meeting its strategic objectives. The KPIs it monitors include:

KPI	**Objective**
Total Return (Net Asset Value plus cumulative dividends paid) per share for both share classes	We have previously communicated our ambition to increase dividends to 5% per annum of the B share NAV by 2023. This ambition remains but of course is dependent on a number of factors including investment performance and in particular the performance of the B share pool's AIM quoted investments, given that as at 31 December 2022 these represented 36.8% of the B share NAV. It also remains our ambition to seek to return to Ordinary shareholders over time the proceeds from any realisations in the form of dividends or by means of a return of capital.
The total expenses of the Company as a proportion of shareholders' funds	To maintain efficient operation of the VCT whilst minimising running costs (noting that Seneca has agreed to cap running costs at 3% of both the Ordinary and B share NAVs).

The Total Return for the Ordinary shares and B shares is included in the Financial Summary on page 3 and the change in the Total Return is explained in the Chair's Statement on pages 9 to 12. The Total Return for the B share class decreased during the year by 15% to 92.7p and the Ordinary share Total Return increased marginally by 0.2% to 108.4p.

The decrease in the B share Total Return in 2022 amounted to 16.4p which was principally due to the decrease in the share prices of the B share pool's AIM quoted investee companies combined with the impact of the B share pool's share of the Company's running costs, offset by the uplift in value of two of the B share pool's unquoted investments and the profits generated from three full and partial realisations of AIM quoted investments during the year.

The Company has also invested £5,920k into ten new investee companies and one follow-on investment during the year from the B share pool and has also made three B share pool realisations as detailed in the Chair's Statement on pages 9 to 12. The new investments made are in line with the Company's expectations for deploying capital raised and indicative of the healthy pipeline of growth capital investment opportunities. The disposals are also indicative of the potential for harvesting profits from AIM quoted investments to which the B share pool has a material exposure.

The increase in the Ordinary share Total Return amounted to 0.2p and is principally as a result of the increase in the share prices of the Ordinary share pool's AIM quoted investment Scancell and the profits generated from the partial realisation of AIM quoted Scancell shares during the year, offset by the impact of a reduction in the fair value of two unquoted investment companies and the allocation of running costs to the Ordinary share pool, as detailed in the Investment Manager's report on page 30.

We have also made dividend payments for both share classes.

1. An interim capital dividend of 2 pence per Ordinary share for the year to 31 December 2022 was paid on 23 December 2022.
2. An interim dividend of 1.5 pence per B share for the year to 31 December 2022 was paid on 20 May 2022. A second interim dividend of 1.5 pence per B share for the year to 31 December 2022 was paid on 16 December 2022.

The Company was again able to maintain efficient operation of the VCT whilst minimising running costs as a proportion of shareholder's funds. For a three-year period with effect from 1 July 2018, expenses of the Company were capped at 3% of the weighted average net asset value of the B shares, including the management fee (but excluding any performance fee). Since July 2021, expenses remain capped at 3% but are now allocated across both the B share pool and the Ordinary share pool pro rata to their respective weighted average net asset values. Seneca reduced its management fee by £18,000 in the year to 31 December 2022 (2021: reduced by £35,000) to keep expenses in line with this cap.

Viability Statement

In accordance with provision 30 and 31 of The UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a three-year period is considered to be a reasonable time horizon for this.

The Board has carried out a robust assessment of the principal risks facing the Company and its current position, including those which may adversely impact its business model, future performance, solvency or liquidity. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

The Board has also considered the Company's cash flow projections and found these to be realistic and reasonable. The assets of the Company consist mainly of securities, sixteen of which are AIM quoted, relatively liquid and readily accessible, as well as more than £5 million of cash as at 31 December 2022 (28% of net assets). Since 31 December 2022, two additional investments have been made totalling £876k, though the Company's overall liquidity remains strong.

Based on the above assessment the Board confirms that it has 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 2025.

Principal risks, risk management and regulatory environment

The Board carries out a regular review of the risk environment in which the Company operates, including principal and emerging risks. The main areas of risk identified by the Board are as follows:

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in Chapter 3 of Part 6 Income Tax Act 2007 for the maintenance of approved VCT status. These rules have subsequently been updated on several occasions. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

The Board keeps the Company's VCT qualifying status under regular review. The Board has also engaged Shoosmiths LLP as VCT status advisor.

Funds raised by VCTs are first included in the investment tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. The value used in the qualifying tests is not necessarily the original investment cost due to the complex rules required by HMRC, therefore the allocation of Qualifying Investments as defined by the legislation can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

The main specific regulations that must have been met, and which the Directors are confident have been complied with, are:

- The Company's income in the period has been derived wholly or mainly (70% plus) from shares or securities.
- The Company has not retained more than 15% of its income from shares and securities.
- At least 80% by value of the Company's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of the investee company. New funds raised are included in this requirement from the beginning of the accounting period in which the third anniversary of the share issue date falls. By virtue of a disregard of the impact of disposals which have been held for more than 12 months (£0.3m of proceeds have been realised from such disposals in the year), as at 31 December 2022 the percentage of shares or securities comprised in qualifying holdings is 98.4% in respect of the 80% Qualifying Holdings test. Note, even without the disregarding of the impact of disposals which have been held for more than 12 months as noted above the Company was still well above the 80% qualifying requirement.
- At least 70% by value of the Company's qualifying holdings has been represented throughout the period by holdings of eligible shares (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded).
- At least 30% of funds raised after 31 December 2018 must be invested in qualifying investments by the anniversary of the accounting period

in which those funds were raised. As at 31 December 2022, 35% of funds raised in the year to 31 December 2021 and 34% of the funds raised in the year to 31 December 2022 had already been invested in qualifying investments.
- No holding in any company has at any time in the period represented more than 15% by value of the Company's investments at the time of investment or when the holding is added to.
- The Company's ordinary capital has throughout the period been listed on a regulated European market.
- No investment made by the VCT has caused the investee company to receive more than £5m (or £10m for knowledge intensive companies) of State Aid investment in the year ended on the date of the VCT's investment, nor more than the lifetime limit of £12m (or £20m for knowledge intensive companies). Furthermore, the use of funds has not been contrary to the EU State Aid guidelines.

Investment risk: the majority of the Company's investments are in smaller quoted and unquoted companies which are VCT qualifying holdings, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and the Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out due diligence procedures and by maintaining a spread of holdings in terms of financing stage. The Board reviews the investment portfolio on a regular basis.

Financial risk: by its nature, as a VCT, the Company is exposed to market price risk, credit risk, liquidity risk, fair value and cash flow risks. All of the Company's income and expenditure is denominated in sterling and hence the Company has no direct foreign currency risk. The indirect risk results from investees doing business overseas. The Company is financed through equity. The Company does not use derivative financial instruments.

Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations is managed by frequent budgeting and close monitoring of available cash resources.

Liquidity risk: the Company's investments may be difficult to realise. The spread between the buying and selling price of shares may be wide and thus the price used for the valuation may not be achievable.

Regulatory risk: the Company is required to comply with the Companies Acts, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Reputational risk: inadequate or failed controls might result in breaches of regulation or loss of shareholder trust.

Internal control risk: the Board reviews annually the system of internal controls, financial and non-financial, operated by the Company. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

The Board seeks to mitigate the internal risks by setting policies, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance section starting on page 47.

Further details of the Company's financial risk management policies are provided in Note 15 to the Financial Statements.

Independence, Gender and Diversity

The Board consists of four Directors comprising three Independent Directors, two of whom were appointed prior to the appointment of Seneca, with a further Independent Director appointed in December 2019. The fourth Director is the CEO of Seneca. Throughout the year under review, the Board consisted of four male non-executive directors. Upcoming regulation applicable from April 2023 will require a Company to report on a comply or explain basis against three key indicators: 40% of the Board should be comprised of women; one senior board position is to be held by a woman; and one Director should be from an ethnic minority background. Whilst not currently complying, the Board will be mindful in any future recruitment, providing a suitable candidate possesses the key skills and experience required for the position The Board will always appoint the best person for the job. It will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability. The Board also fully supports the aims of the Hampton Alexander Report and the renewed focus and emphasis on diversity in the AIC Code of Corporate Governance (the "2019 AIC Code") and in due course will strive to comply with these recommendations.

Governance

Details of Directors

John Hustler

(Non-Executive Chair)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. John was appointed to the Board of Octopus Titan VCT plc in November 2007 and served as Chair of the Board until June 2022. He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997-2000, and was a member of the Council of the British Venture Capital Association from 1989- 1991. John has been a Director of the Company since inception and has extensive historic knowledge of the Ordinary share pool investments and the recent development of the Company's B share pool. His knowledge remains highly relevant to the ongoing success of the Company.

John has a beneficial interest in Scancell.

Richard Roth

(Non-Executive Director and Chair of the Audit Committee)

Richard is the Chair of Oxford Technology 2 Venture Capital Trust Plc, which has recently merged with the 3 other Oxford Technology Venture Capital Trusts, of which he was (and still is) also a director. He is a Chartered Management Accountant and worked in the airline industry for a number of companies including easyJet and the Monarch Group, and was CFO of RoyalJet. He has subsequently had a number of consulting assignments, in particular helping companies determine their strategy, and implementing business improvements. Richard has invested in a number of small (mainly unquoted) companies and has also advised several potential start-up businesses – mainly travel-related. Richard has been a VCT investor for over 20 years and this, combined with his multiple VCT directorships, provides the Company with valuable and detailed knowledge regarding the successful ongoing operation of a VCT.

Richard has a beneficial interest in Scancell, Fuel3D and Arecor.

Richard Manley

(Non-Executive Director)

Richard is CEO of and significant shareholder in Seneca. He qualified as a chartered accountant with KPMG in 2004, joined NM Rothschild's leveraged finance team in Manchester in 2007 before joining Cenkos Fund Managers in 2008. Richard joined Seneca on launch in 2010. Richard has been involved in the development of all areas of Seneca's business and played a key role in its journey from start up to managing more than £100 million. He has been a continuous member of Seneca's investment and credit committees and has been involved in all of Seneca's EIS growth capital investments to date leading 30 of these. Richard became Managing Partner in 2016 and CEO in 2017. He joined the Board of the Company in August 2018. As CEO of the Investment Manager, Richard is well placed to provide the Company with timely and accurate updates in relation to the development of the B share portfolio, ongoing fundraise progress, upcoming investments and the continuing administration of the Company.

Alex Clarkson

(Non-Executive Director)

Alex is Managing Director of Bamburgh Capital. He qualified as a chartered accountant with PricewaterhouseCoopers in 1998, joined Brewin Dolphin Securities in 2000 before becoming co-founder of Zeus Capital in 2003. Alex then went on to co-found Bamburgh Capital in 2011, executing over 20 transactions acting on both the "buy" and "sell" side and raising funding. During this time, Alex was co-founder of Compass BioScience Group Limited and Collbio, two highly acquisitive companies, and became interim CFO of Collbio which undertook an IPO on the London Stock Market within an 18-month period, changing its name to Collagen Solutions. Given Alex's experience of public markets and growth capital investing, his expertise and knowledge are highly relevant to the ongoing success of the Company.

Alex has a beneficial interest in Alderley Lighthouse Labs.

Directors' Report

The Directors present their Report and the audited Financial Statements for the year ended 31 December 2022.

The Directors consider that the Annual Report and Financial Statements, taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Review of Business Activities

The Directors are required by section 417 of the Companies Act 2006 to include a Business Review to shareholders. This is set out on page 34 and forms part of the Strategic Report. The purpose of the Business Review is to inform members of the Company and help them assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company). The Company's Section 172(1) Statement on page 8, the Chair's Statement on page 9 to 12, and the Investment Manager's Report on pages 14 to 33 also form part of the Strategic Report.

The purpose of this review is to provide shareholders with a snapshot summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators used to measure performance.

Directors' Shareholdings – Ordinary Shares

The Directors of the Company during the year and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 1p are shown in the table below:

	31 December 2022	31 December 2021
	Number of Shares	**Number of Shares**
John Hustler	190,000	190,000
Alex Clarkson	-	-
Richard Manley	-	-
Richard Roth	209,612	209,612

All of the Directors' shares were held beneficially. There have been no changes in the Directors' Ordinary share interests between 31 December 2022 and the date of this report.

Directors' Shareholdings – B Shares

The Directors of the Company during the year and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued B shares of 1p are shown in the table below:

	31 December 2022	31 December 2021
	Number of Shares	**Number of Shares**
John Hustler	31,841	19,735
Richard Roth	15,000	15,000
Alex Clarkson	10,060	10,060
Richard Manley	96,059	71,846

All of the Directors' B shares were held beneficially. There have been no changes in the Directors' B share interests between 31 December 2022 and the date of this report.

Directors' and Officers' Liability Insurance

The Company has, as permitted by legislation and the Company's Articles of Association, maintained directors' and officers' liability insurance cover on behalf of the Directors, Company Secretary and Investment Manager.

Whistleblowing

The Board has approved a Whistleblowing Policy for the Company, its Directors and any employees, consultants and contractors, to allow them to raise concerns, in confidence, in relation to possible improprieties in matters of financial reporting and other matters.

Bribery Act

The Board has a zero tolerance policy in relation to bribery and corruption. The Board has approved an Anti-Bribery Policy to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional and ethical conduct are maintained. Through internal controls reporting it has sought to ensure adequate safeguards are in place at its main third party suppliers.

Management

Seneca as the Company's Investment Manager is responsible for the management of the Company's B share pool investments. Responsibility for the management of the Ordinary share pool investments has been delegated to those members of the current Board of Directors who served immediately prior to 23 August 2018, namely John Hustler and Richard Roth.

The strategies and policies which govern the Investment Manager have been set by the Board in accordance with section 172 of the Companies Act 2006.

Corporate Governance Statement

The Board has considered the principles and recommendations of the 2019 AIC Code. The Company's Corporate Governance policy is set out on pages 47 to 50.

The 2019 AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the 2019 AIC Code adapts the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code") to make them relevant for investment companies.

The Company has complied with the recommendations of the 2019 AIC Code and the relevant provisions of the UK Code, except as set out below:

- The Company does not have a Chief Executive Officer or a Senior Independent Director. The Board does not consider this necessary as it does not have any executive directors.
- New Directors do not receive a formal induction on joining the Board, though they do receive one tailored to them on an individual basis.
- The Company conducts a formal review as to whether there is a need for an internal audit function. The Investment Manager was required to appoint a depositary as part of it becoming a full-scope AIFM on 16 June 2022. The Depositary is responsible for monitoring the cash flows of the Company, overseeing the holding of financial assets in custody on behalf of the Company, verifying ownership interests, oversight and supervision of the Investment Manager and the Company and maintaining accurate records in relation to the above as required under the Alternative Investment Fund Managers Directive (Directive 2011/61/EU), transposed into UK law under the European Union (Withdrawal) Act 2018 and as set out in Fund 3.11 of the FCA Handbook of rules and guidance. As a result, the Directors do not consider that a formal internal audit function would be required as an additional internal control for the VCT at this time.
- The Company does not have a Remuneration Committee as it does not have any executive directors.
- The Company does not have a Nomination Committee as these matters are dealt with by the Board.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers the above provisions are not relevant to the position of the Company, being an investment company run by the Board and managed by the Investment Manager. In particular, all of the Company's day-to-day administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

Directors

Biographical details of the Directors are shown on page 40.

Richard Roth has informed the Board that having served as a non-executive Director for nearly eight years, he will retire as an independent non-executive Director of the Company at the forthcoming AGM with effect from 18 May 2023. The appointment of a new Audit Chair and the recruitment of a new non-executive Director will be undertaken in due course.

In accordance with the Articles of Association and good governance in line with practices recommended in the 2019 AIC Code, following notification of Richard Roth's wish to retire, only three of the four Directors will offer themselves for re-election at the forthcoming AGM.

The Board is satisfied that, following individual performance appraisals, the Directors who are retiring and offer themselves for re-election continue to be effective and demonstrate commitment to their roles and have the full support of the Board. Further details regarding the Company's succession planning are set out in the Corporate Governance policy on pages 47 to 50.

The Board did not identify any conflicts of interest between the Chair's interest and those of the shareholders, especially with regard to the relationship between the Chair and the Investment Manager.

No concerns about the operation of the Board or the Company were raised by any Director during the year and had any been raised they would be mentioned in the minutes or in writing to the Chair to be circulated to the Board in accordance with Provision 5.2 of the 2019 AIC Code.

The Board is cognisant of shareholders' preference for Directors not to sit on the boards of too many listed companies ("over-boarding"). The Board is satisfied that all Directors have the time to focus on the requirements of the Company.

International Financial Reporting Standards

As the Company is not part of a group it is not mandatory for it to comply with International Financial Reporting Standards ("IFRS"). The Company does not anticipate that it will voluntarily adopt IFRS. The Company has adopted Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland.

Environmental, Social and Governance ("ESG") Practices

The Board recognises the requirement under section 414c of the Companies Act 2006 to detail information about environmental matters (including the impact of the Company's business on the environment), employee and human rights, social and community issues, including information about any policies it has in relation to these matters and effectiveness of these policies.

Given the size and nature of the Company's activities and the fact that it has no employees and only four non-executive Directors, the Board considers there is limited scope to develop and implement environmental, social and community policies, but recognises the importance of including consideration for such matters in investment decisions. The Board has taken into account the requirement of section 172(1) of the Companies Act 2006 and the importance of ESG matters when making decisions which could impact shareholders, stakeholders and the wider community. The Company's Section 172(1) statement has been provided in the Strategic Report on page 8, where the Directors consider the information to be of strategic importance to the Company.

The Company seeks to ensure that its business is conducted in a manner that is responsible to the environment. The management and administration of the Company is undertaken by the Investment Manager who recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any negative environmental impact and which promote environmental sustainability.

The Investment Manager was approved by the FCA with full-scope UK Alternative Investment Fund Manager ("AIFM") permission (as defined in regulation 2 of the AIF Regulations) on 16 June 2022. This full-scope UK AIFM permission means that Seneca can manage assets (including leverage) of greater than €100 million. Additionally, the Investment Manager is subject to increased requirements under the AIFM Regulations 2013 (SI 2013/1773), and therefore recognises that managing investments on behalf of clients involves taking into account a wide set of responsibilities, in addition to seeking to maximise financial returns for investors. Industry practice in this area has been evolving rapidly and the Company seeks to be an active participant by working to define and strengthen its principles accordingly. This involves both integrating ESG considerations into the Investment Manager's investment decision-making process as a matter of course, and also considering guidance issued by external bodies who are leading influencers in the formation of industry best practice. The following is an outline of the kinds of ESG considerations that the Investment Manager is taking into account as part of its investment process.

Environmental

Seneca, as part of its commercial due diligence practices and ongoing monitoring, examines potential issues which could arise from supply chains, climate change and environmental policy compliance. The Investment Manager looks for management teams who are aware of the issues and are proactive in responding to them. Seneca has also been certified by Airfriendly Ltd as a Carbon Neutral Business. Airfriendly Ltd calculate the Investment Manager's carbon emissions to the ISO 14064 and GHG Protocol Emissions Standard and then Airfriendly Ltd invests in or supports projects verified by five leading Carbon Certification bodies in the world to neutralise Seneca's carbon footprint.

The Company utilises video conferencing facilities for the majority of Board meetings to avoid unnecessary travel where possible to reduce our carbon imprint. The Board met virtually for all but two Board meeting during the year. The Company also encourages shareholders to receive communications from the Company electronically to reduce the impact of production and delivery of additional paper products.

Social

Seneca seeks to avoid unequivocal social negatives, such as profiting from forced labour within its investment portfolio and to support positive impacts which will more likely find support from customers and see rising demand. Seneca does not tolerate modern slavery or human trafficking within its business operations and takes a risk-based approach in respect of our portfolio companies. Seneca actively engages with portfolio companies and their boards to discuss material risks, ranging from business and operational risks to environmental and social risks.

Seneca is also a proud signatory to the Investing in Women Code, and commits to adopting internal practices to improve female entrepreneurs' access to finance, tools and resources needed to grow their businesses. Partners include the UK Business Angels Association, the British Private Equity and Venture Capital Association, UK Finance, and the British Business Bank.

Governance

Seneca examines and, where appropriate, engages with companies on board membership, remuneration, conflicts of interest such as related party transactions, and business leadership and culture. In addition, the Company, as a matter of course, exercises its voting rights when possible.

Greenhouse Gas ("GHG") Emissions and Streamlined Energy & Carbon Reporting ("SECR")

Under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('the 2013 Regulations') and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, quoted companies of any size are required under Part 15 of the Companies Act 2006 to disclose information relating to their energy use and GHG emissions.

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations, nor does it have direct responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information. A low energy user is defined as an organisation that uses 40 MWh or less during the reporting period.

Going Concern

The Company's business activities and the factors likely to affect its future performance and financial position are set out in the Chair's Statement and Investment Manager's Report on pages 9 to 12 and pages 14 to 33. Further details on the management of the principal risks are set out on pages 37 to 38 and financial risks may be found in Note 15 to the Financial Statements.

The Board receives regular reports from Seneca which acts as both the Investment Manager and the Administration Manager, and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

The assets of the Company consist mainly of securities, sixteen of which are AIM quoted, relatively liquid and readily accessible, as well as more than £5 million of cash as at 31 December 2022 (28% of net assets). After reviewing the Company's forecasts and expectations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its Financial Statements.

The Company notes the continuing material market volatility as a result of macroeconomic pressures caused by the disruption in global supply chains and increased costs from inflationary pressures as a result of the military invasion of Ukraine by Russian forces. The Company's Board and Investment Manager are focused on ensuring that investee companies are taking the required actions to minimise the potential impact that these conditions could have on them. The Board and Seneca will continue to review these potential risks and keep those risks under regular review but do not consider the current conditions to have a material impact on the Company's own ability to continue as a going concern.

Share Capital

As disclosed on page 93 the Board has authority to make market purchases of the Company's own B shares. During the year, the Company purchased 27,793 B shares (equal to 0.16% of the opening number of B shares in issue) at a price of 90.4p per share (2021: nil).

At the last AGM held on 27 April 2022, the Board received authority to allot up to 35,000,000 B shares in connection with any offer(s) for subscription (and any subsequent top up offer of B shares) and up to 405,800 Ordinary shares (for any miscellaneous offers of such shares), which represented approximately 240% of the Company's issued B share capital and approximately 5% of its issued Ordinary share capital as at 23 March 2022.

During the year, the Company did not issue any Ordinary shares (2021: nil). During the year, the Company issued 4,188,693 B shares raising £3.9 million before expenses (2021: 5,525,711 shares and £5.7 million). The Company issued 1,233,811 B shares on 5 April 2023, raising an additional £933k between 31 December 2022 and the date of this report.

The Company's issued Ordinary share capital as at 31 December 2022 was 8,115,376 Ordinary shares of 1p each (31 December 2021: 8,115,376 Ordinary shares of 1p each) and 18,749,559 B shares of 1p each (31 December 2021: 14,588,659 B shares of 1p each).

The total number of shares in issue for both the Ordinary shares and B shares of 1p each as at 31 December 2022 was 26,864,935 and as at 19 April 2023 was 28,098,746 (31 December 2021: 22,704,035) with each share having one vote.

In accordance with Schedule 7 of the Large and Medium Size Companies and Groups (Accounts and Reports) Regulations 2008, as amended, the Directors disclose the following information:

- The Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- There exist no securities carrying special rights with regard to the control of the Company;
- The rules concerning the appointment and replacement of directors, amendment of the Articles of Association and powers to issue or buy back of the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- The Company does not have an employee share scheme;
- There are no agreements to which the Company is party that may affect its control following a takeover bid; and
- There are no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason, apart from their normal notice period and any fees potentially due under the performance fee arrangements set out on page 56 and Note 5.

Substantial Shareholdings

At 31 December 2022 and at the date of this report, there was one holding of 3% and over of the Company's ordinary share capital of which we had been notified. This holding related to Mr and Mrs Ian William Currie and at the date of this report amounted to 3.2%.

Annual General Meeting

The Notice convening the 2023 AGM of the Company is set out at the end of this document (and a form of proxy in relation to the meeting is enclosed separately). Part of the business of the AGM will be to consider resolutions in relation to the following matters:

Resolution 1 will seek the approval of the Directors' Annual Report and Financial Statements and the auditors' report thereon for the year ended 31 December 2022. The Directors are obliged to lay the Directors' Annual Report and Financial Statements and the auditors' report thereon for the year ended 31 December 2022 before shareholders at a general meeting.

Resolution 2 seeks shareholder approval of the Directors' Remuneration Report 2022 which gives details of the Directors' remuneration for the financial year ended 31 December 2022 and which is set out on pages 54 to 57 of the Directors' Annual Report and Financial Statements for financial year ended 31 December 2022. In line with legislation, this vote will be advisory and the Directors' entitlement to remuneration is not conditional on the resolution being passed.

Resolutions 3 to 5 will seek the re-election of John Hustler, Richard Manley and Alex Clarkson as non-executive Directors of the Company. Richard Roth has informed the Board that having served as a non-executive Director for nearly eight years, he will retire as an independent non-executive Director of the Company at the forthcoming AGM with effect from 18 May 2023. The appointment of a new Audit Chair and the recruitment of a new non-executive Director will be undertaken in due course.

Resolution 6 will seek the re-appointment of Hazlewoods LLP as Independent Auditor to the Company and authorisation to determine the auditor's remuneration.

Resolution 7 will authorise the Directors to allot further B shares and Ordinary shares. This will enable the Directors until the next AGM to allot up to 35,000,000 B shares in connection with any offer(s) for subscription (and any subsequent top up offer of B shares) and up to 405,800 Ordinary shares (for any miscellaneous offers of such shares), representing approximately 175% of the Company's issued B share capital and approximately 5% of its issued Ordinary share capital as at 19 April 2023.

Resolution 8 will authorise the Board, pursuant to the Act, to make one or more market purchases of up to 14.99% of the issued B share capital of the Company from time to time. The price paid must not be less than 1p per B share, nor more than 5% above the average middle market price of a B share for the preceding five business days. Any B shares bought back under this authority may be cancelled by the Board.

Resolution 9 will, under sections 570 of the Act, disapply pre-emption rights in respect of any allotment of the B shares and/or Ordinary shares authorised under Resolution 8.

Resolution 10 will authorise the cancellation of the share premium account and capital redemption reserves of the Company. One of the main principles of company law is that the capital of a company should be maintained. The principle of maintenance of capital underlies various provisions of the Act – for example, a company may only make distributions to its members out of distributable profits and a company may only buy back its own shares in limited circumstances.

A company can, however, reduce its share capital in circumstances where creditors will not be adversely affected, provided that the company complies with certain procedural requirements. The Act provides that a company may reduce its capital by special resolution, subject to confirmation by the Court. A special reserve will then be created from the sums set free from such a cancellation which can be regarded as a distributable reserve.

The Company has completed previous cancellations of its share premium and capital redemption reserves and the special reserve created by such cancellations has enhanced the ability of the Company to make distributions and buy back shares.

The Board considers it prudent to take the opportunity to seek the approval of Shareholders pursuant to Resolution 10 for the cancellation of the share premium account and the capital redemption reserve (subject to the sanction of the Court).

The sums set free by the proposals above would create further distributable reserves to fund distributions to Shareholders and buybacks, to set off or write off losses and for other distributable and corporate purposes of the Company. The Board will seek Court approval of this resolution as and when required, and will only use such reserves taking into account the VCT restrictions on returns of capital.

Resolution 11 will seek authority to amend the Company's Articles of Association to increase the maximum aggregate fees paid to Directors from £100,000 to £150,000 per annum. This was last amended in 2018 and the increase in now considered necessary in anticipation of new non-executive directors joining the Board. Total expenses, however, remain allocated to each share pool on a pro-rata basis and capped at 3% of the net asset value of each respective share pool.

The Directors intend to use the authorities in Resolutions 7 and 9 for the purposes of the current Offer and a further offer for subscription of B shares. The Directors have no current intention to utilise the authority in relation to the Ordinary shares.

Copies of the Articles of Association of the Company (including a mark-up of the amended articles of association proposed to be adopted pursuant to Resolution 11) will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting. The Articles of Association will also be available on the Company's website at www.senecavct.co.uk/reports-documents/.

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 unanimously recommends that you vote in favour of these resolutions as the Directors intend to do in respect of their beneficial shareholdings.

By Order of the Board
ISCA Administration Services Limited
Company Secretary
20 April 2023

Corporate Governance

The Board has considered the principles and recommendations of the 2019 AIC Code.

The 2019 AIC Code addresses the Principles and Provisions set out in the UK Code, as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the Principles and Provisions of the 2019 AIC Code, which has been endorsed by the Financial Reporting Council (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) provides more relevant information to shareholders.

The Company is committed to maintaining high standards in corporate governance and has complied with the Principles and Provisions of the 2019 AIC Code, except as set out below. The Company strongly believes that achieving its corporate governance objectives contributes to the long-term sustainable success of the Company.

The 2019 AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the 2019 AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

Board of Directors

The Company has a Board of four non-executive Directors, details of each can be found on page 40. They meet on a regular basis to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 7.

The Board has a formal schedule of matters specifically reserved for its decision which include:

1. the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
2. the consideration and review of the Company's compliance with HMRC conditions for maintenance of approved VCT status as advised by Shoosmiths LLP;
3. consideration of corporate strategy;
4. approval of the appropriate dividend to be paid to shareholders;
5. the appointment, evaluation, removal and remuneration of the Investment Manager, which also acts as the Administration Manager;
6. the performance of the Company, including monitoring the discount of the share price to net asset value; and
7. monitoring shareholder profiles and considering shareholder communications.

The Chair leads the Board in the determination of its strategy and in the achievement of its objectives. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that the Company communicates effectively with shareholders in accordance with the Board's duty to promote the success of the Company.

The Company Secretary is responsible for advising the Board through the Chair on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its Committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

Attendance at Board and Audit Committee meetings during the year were as follows:

	Board meetings attended (13 held in year)	Audit Committee meetings attended (2 held in year)
John Hustler	13	2
Alex Clarkson	13	2
Richard Manley	13	2
Richard Roth	13	2

In addition to formal Board meetings, the Board communicates on a regular basis in carrying out its responsibilities in managing the Company.

Diversity

The Directors are aware of the need to have a Board which, as a whole, comprises an appropriate balance of skills, experience and diversity. Upcoming regulation applicable from April 2023 will require a Company to report on a comply or explain basis against three key indicators: 40% of the Board should be comprised of women; one senior board position is held by a woman; and one Director should be from an ethnic minority background. Throughout the year and at the date of this report the Board of Directors comprised of four males all identifying themselves as Caucasian by ethnic background. Diversity of the Directors is something the Board will be mindful of in any future recruitment, providing a suitable candidate possesses the key skills and experience required for the position.

Consumer Duty

The Directors, having noted the requirements in respect of Consumer Duty, have reviewed the Investment Manager's implementation plan, which was in place by 31 October 2022, and are working with the Investment Manager to ensure that implementation of the Consumer Duty requirements is completed by 31 July 2023, when the new requirements come into effect.

Independence of Directors

The Board regularly reviews the independence of its members and is satisfied that the Company's Directors are independent in character and judgment and that there are no relationships or circumstances which could affect their objectivity (with the exception of Richard Manley who is the CEO of the Investment Manager).

The 2019 AIC Code recommends that where a Director has served for more than nine years, the Board should state its reasons for believing that the individual remains independent. The Board is of the view that a term of service in excess of nine years is not in itself prejudicial to a Director's ability to carry out his or her duties effectively and from an independent perspective; the nature of the Company's business is such that individual Directors' experience and continuity of Board membership can significantly enhance the effectiveness of the Board as a whole. However, the Board has applied the provision that all Directors are to seek annual re-election and has determined a policy of tenure for the Chair and believe that both are essential in balancing the business of the Company whilst providing opportunity for regular refreshment and increasing the diversity of the Board.

Directors are appointed with the expectation that they will serve for a period of at least three years and all Directors will retire at the first general meeting after election and will be subject to annual re-election thereafter in line with practices recommended in the 2019 AIC Code. It is the Company's policy of tenure to review individual appointments every year, with increased scrutiny after nine years of service to consider whether the Director is still independent and still fulfils the role. However, in accordance with the principles of the 2019 AIC Code, we do not consider it necessary to mandatorily replace a Director, including the Chair, after a predetermined period of tenure. A more flexible approach to Chair tenure will help the Company manage succession planning in the context of the business needs of the Company, whilst at the same time still addressing the need for regular refreshment and diversity. The Company's report on Independence, Gender and Diversity is on page 38.

Given that the Chair has now served as a Director for more than 20 years, the Board and Chair have had a number of conversations over the last four years with regard to his ongoing tenure and the process for identifying his potential successor. Whilst the Board has determined that John Hustler, 76, is capable of carrying out his duties effectively, given the policies outlined above, plans are now being made for his succession. In addition, further to Richard Roth's announcement that he will retire as an independent non-executive Director of the Company at the forthcoming AGM, the Board are also now making plans to recruit a further new non-executive Director.

In view of the above, the Board is pleased that we are already in advanced stages in the search for an independent non-executive Director and expect to make the appointment within the coming weeks.

Remuneration in addition to the Directors' fees in the form of a performance incentive fee is potentially payable to those Directors serving prior to 23 August 2018 subject to certain conditions as set out in the Directors' Remuneration Report and Policy on pages 54 to 57. Having regard for the historic nature and circumstances under which the performance incentive fees were agreed, the Board does not believe that the performance incentive fees in any way impact or hinder the Directors' independence or present a conflict of interest which could compromise or override independent judgment of the Directors.

Performance Evaluation

In accordance with the 2019 AIC Code, each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and the Directors in the form of one-to-one meetings or telephone calls between the Chair and each Director. The Directors were made aware of the annual performance evaluation on their appointment. The Board considers the size of the Company, the number of independent non-executive Directors on the Board and the robustness of the reviews to be such that an external Board evaluation is unnecessary. Annual evaluations of the Board consider its composition, diversity, succession planning and how effectively members work together to achieve objectives as well as individual contributions. The Chair provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. The performance of the Chair is evaluated by the other Directors. The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive Directors. As suggested in the 2019 AIC Code, the duties of this role can be, and in this instance are, fulfilled by the Chair of the Audit Committee, Richard Roth.

The Board sets out the assessment of its members and explains why its members are and continue to be of importance to the long-term sustainable success of the business on page 42.

The Board reviews the performance of the Investment Manager on an ongoing basis, both formally and outside of Board meetings with regard to its appointment, evaluation, removal and remuneration, in both contexts of its role as Investment Manager and Administration Manager. The Board considers the Company's size to be such that it would be unnecessarily burdensome to establish a separate management engagement committee to perform this role.

Board Committees

The Board does not have a separate remuneration committee, as the Company has no employees or executive directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report and Policy on pages 54 to 57.

The Board as a whole considers the selection and appointment of Directors and reviews Directors' remuneration on an annual basis. The Board considers the Company's size to be such that it is unnecessary to form a separate committee for the purposes of nomination. When making an appointment, the Board draws on its members' extensive business experience and range of contacts in addition to the use of external recruitment consultants. During the year the Board engaged an outside recruitment company to assist in finding a suitable candidate to join as a new independent non-executive Director. The process involved the identification of key skills a candidate should possess which the recruitment agency then used to assist with the drawing up of a long-list of possible candidates for the Board, which acting as a nomination committee, then reduced to a short-list of candidates who were interviewed. We are in advanced stages in the search for another independent non-executive Director and expect to make the appointment within the coming weeks. The Board continues to speak regularly about Board composition and succession planning in order to identify and address any issues that may arise.

The Board has appointed an Audit Committee to make recommendations to the Board in line with its terms of reference. The committee is chaired by Richard Roth and consists of all four Directors. The Audit Committee believes Richard Roth possesses appropriate and relevant financial experience as per the requirements of the 2019 AIC Code. The Board considers that the members of the Committee have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee's terms of reference, and how it discharges its duties are listed on pages 52 to 53.

Internal Control

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board continually reviews financial results and investment performance. The Board also monitors and evaluates external service providers and maintains regular discussions with the Investment Manager about the services provided. The Investment Manager reviews the service contracts on an annual basis and discusses any recommendations with the Board as relevant.

Neville Registrars is the custodian of the documents of title relating to the Company's unquoted investments.

Seneca is also the Administration Manager in addition to its role as the Investment Manager.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the internal control systems. As part of this process an annual review of the internal control systems is carried out in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The risk management and internal control systems include the production and review of monthly bank statements and quarterly management accounts. All outflows made from the Company's accounts require the authority of signatories from the Board. The Company is subject to a full annual audit. Further to this, the Audit Partner has open access to the Directors of the Company.

Additionally, the Investment Manager is required to have a depositary as part of its full-scope AIFM status. Seneca appointed Thompson Taraz Depositary Limited who is responsible for monitoring the cash flows of the Company, overseeing the holding of financial assets in custody on behalf of the Company, verifying ownership interests, oversight and supervision of the Investment Manager and the Company and maintaining accurate records in relation to the above as required under the Alternative Investment Fund Managers Directive (Directive 2011/61/EU), transposed into UK law under the European Union (Withdrawal) Act 2018 and as set out in Fund 3.11 of the FCA Handbook of rules and guidance.

Financial Risk Management Objectives and Policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 15 to the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. In addition, shareholders have the opportunity to engage directly with the Board as part of the regular shareholder update presentations as detailed in the Strategic Report starting on page 5 and the Board is available to answer any questions a shareholder may have and is happy to respond to written queries made by shareholders during the course of the year. The Board can be contacted at the Company's registered office: 9 The Parks, Haydock, WA12 0JQ or via email at enquiries@senecavct.co.uk.

Compliance Statement

As previously indicated, the Board considers that reporting against the principles and recommendations of the 2019 AIC Code will provide better information to shareholders.

The Company has complied with the recommendations of the 2019 AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below:

- The Company does not have a Chief Executive Officer or a Senior Independent Director. The Board does not consider this necessary as it does not have any executive directors.
- New Directors do not receive a formal induction on joining the Board, though they do receive one tailored to them on an individual basis.
- The Company conducts a formal review as to whether there is a need for an internal audit function. The Investment Manager was required to appoint a depositary as part of its full-scope AIFM status who is responsible for monitoring the cash flows of the Company, overseeing the holding of financial assets in custody on behalf of the Company, verifying ownership interests, oversight and supervision of the Investment Manager and the Company and maintaining accurate records in relation to the above as required under the Alternative Investment Fund Managers Directive (Directive 2011/61/EU), transposed into UK law under the European Union (Withdrawal) Act 2018 and as set out in Fund 3.11 of the FCA Handbook of rules and guidance. As a result, the Directors do not consider that a formal internal audit function would be a required additional internal control for this VCT at this time.
- The Company does not have a Remuneration Committee as it does not have any executive directors.
- The Company does not have a Nomination Committee as these matters are dealt with by the Board.

For the reasons set out in the 2019 AIC Code, and as explained in the UK Corporate Governance Code, the Board considers the above provisions are not relevant to the position of the Company, being an investment company run by the Board and managed by the Investment Manager. In particular, all of the Company's day-to-day administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations.

By Order of the Board
ISCA Administration Services Limited
Company Secretary
20 April 2023

Statutory Reports

Audit Committee Report

This report is submitted in accordance with the 2019 AIC Code in respect of the year ended 31 December 2022 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 49.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published Financial Statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the Annual Report and Financial Statements provides necessary information for shareholders to assess performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements; and
- monitoring the extent to which the external auditor is engaged to supply non-audit services.

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to a Board meeting when appropriate and a report is provided on relevant matters to enable the Board to carry out its duties.

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets at least twice each year and on an ad hoc basis as necessary. It has direct access to the Company's external auditor. During the year we tendered the Company's audit and after a rigorous selection process HZW were chosen to fill the casual vacancy. The Committee is happy to recommend HZW for reappointment at the AGM in relation to the audit for the year ending 31 December 2023. HZW do not provide any non-audit services and as such, the Committee does not believe there is any risk that any non-audit services can influence their independence or objectivity due to any associated fee. When considering whether to recommend the reappointment of the external auditor the Committee takes into account the quality of service, tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms. Once the Committee has made a recommendation to the Board in relation to the appointment of the external auditor, this is then ratified at the AGM through an Ordinary Resolution. A resolution to approve the reappointment of HZW will be proposed at the AGM on 18 May 2023 which has been included in the Notice of AGM on pages 96 to 98.

The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resulting discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting if appropriate.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board. The Investment Manager was required to appoint a depositary as part of its full-scope AIFM status who is responsible for monitoring the cash flows of the Company, overseeing the holding of financial assets in custody on behalf of the Company, verifying ownership interests, oversight and supervision of the Investment Manager and the Company and maintaining accurate records in relation to the above as required under the Alternative Investment Fund Managers Directive (Directive 2011/61/EU), transposed into UK law under the European Union (Withdrawal) Act 2018 and as set out in Fund 3.11 of the FCA Handbook of rules and guidance. As a result, the Directors do not consider that a formal internal audit function would be a required additional internal control for this VCT at this time.

The Committee will monitor the significant risks at each meeting and the Administration Manager will work closely with the Auditors to mitigate the risks and the resulting impact.

During the year ended 31 December 2022, the Audit Committee discharged its responsibilities by:

- tendering for and appointing new auditors;
- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing Seneca's statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft Annual Financial and Interim results statements prior to Board approval;
- reviewing the Company's going concern status as referred to on pages 44 and 78; and
- reviewing the external auditor's Report to the Audit Committee on the annual Financial Statements.

The Committee has considered the Report and Financial Statements for the year ended 31 December 2022 and has reported to the Board that it considers them to be fair, balanced and understandable and providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

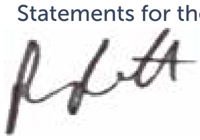
Significant Risks

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the Financial Statements. The Committee and the Auditors have identified the most significant risks for the Company as:

- Valuation and ownership of investment portfolio: The Auditors give special audit consideration to the valuation and ownership of investments and the supporting data provided by Seneca and the Board of the Company. The impact of this risk could be a large movement in the Company's net asset value. Guidelines, discussions, reviewing and challenging the basis and reasonableness of assumptions made in conjunction with available supporting information goes into the valuation process. The valuations are supported by investee company Financial Statements and/or third-party evidence where possible. Otherwise, valuations are supported by the share price of the most recent fundraising and/or management information. These give comfort to the Audit Committee.
- Management override of financial controls: The Auditors specifically review all significant accounting estimates that form part of the Financial Statements and consider any material judgements applied by the Board or Investment Manager during the preparation of the Financial Statements.
- Compliance with HMRC conditions for maintenance of approved VCT status: Shoosmiths LLP provide the Company with advice on the on-going compliance with the HMRC rules and regulations concerning VCTs and the Investment Manager and the Board review the advice.
- Recognition of revenue from investments: Revenue is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. The Company had no revenue in 2022, and Seneca has confirmed this to the Audit Committee.
- Performance Fees: The Auditors give special audit consideration to any performance fees as these are directly linked to the NAV which is dependent upon investment valuations. The Audit Committee gives due consideration to the valuation methodology as referenced above and maintains controls around performance fees to mitigate any risks to the Company's costs. Details of the performance fee in relation to the Ordinary share pool are included on pages 56 and 83. There is no performance fee due in respect of the B share pool.

These issues were discussed with Seneca, the Board of Seneca Growth Capital and the Auditors at the conclusion of the audit of the Financial Statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the Financial Statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the Financial Statements for the year ended 31 December 2022.



Richard Roth
Audit Committee Chair
20 April 2023

Directors' Remuneration Report and Policy

Annual Remuneration Report

This report is submitted in accordance with the requirements of s420-422 of the Companies Act 2006, in respect of the year ended 31 December 2022. A resolution to approve the Directors' Remuneration Report will be proposed at the Annual General Meeting on 18 May 2023. The Directors' Remuneration Policy and the Directors' Remuneration Report were last approved by shareholders at the Annual General Meeting on 27 April 2022.

The Company's independent auditor, HZW, is required to give its opinion on certain information included in this report as indicated below. Their report on these and other matters is set out on pages 60 to 64.

Statement from the Chair of the Board in relation to Directors' Remuneration Matters

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

During the year to 31 December 2022, the Board reviewed its existing remuneration levels, having considered the remuneration payable to non-executive directors of comparable VCTs, the demand for non-executive directors within the financial sector and the increasing regulatory requirements with which the sector is required to comply. The Board agreed to leave Directors' fees unchanged during the year (and in line with the prior year as shown in the table on page 56) but continue to keep them under review. As with any Board comprising solely of non-executive directors it is unlikely that a Director can fully abstain from any discussion or decision concerning their own fees. Director's remuneration consists of a base fee for all Directors and each Director participated in the process of setting the level of this fee. Additional fees have been set for the role of Chair of the Audit Committee and the individual Director did not participate in setting the additional fee for their own specific role. The Board considers that this process is consistent with the spirit of the AIC Code on the setting of Directors' fees.

The Company's Articles of Association limit the aggregate amount that can be paid to the Directors in fees to £100,000 per annum. A special resolution has been included in this year's AGM to amend the Company's Articles of Association to increase the limit of the aggregate amount of Directors' fees which can be paid to £150,000 per annum to allow for the appointment of a new Director and to increase fees as necessary in line with market rates and inflation.

At the Annual General Meeting held on 27 April 2022, the following votes were cast on the Poll voting on the Remuneration Report:

	Number of votes	% of votes cast
For	2,285,883	99.52
Against	4,979	0.22
At Chair's discretion	6,000	0.26
Total votes cast	**2,296,862**	**100.00**
Number of votes withheld	38,950	

The Remuneration Policy was also last approved by the shareholders at the Annual General Meeting held on 27 April 2022.

	Number of votes	% of votes cast
For	2,265,415	99.52
Against	4,979	0.22
At Chair's discretion	6,000	0.26
Total votes cast	**2,276,394**	**100.00**
Number of votes withheld	59,418	

Directors' interests

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

Ordinary Shares

	31 December 2022		31 December 2021	
	Shares	% of share capital	Shares	% of share capital
John Hustler (Chair)	190,000	2.34	190,000	2.34
Richard Roth (Chair of the Audit Committee)	209,612	2.58	209,612	2.58
Alex Clarkson	-	-	-	-
Richard Manley	-	-	-	-

B Shares

	31 December 2022		31 December 2021	
	Shares	% of share capital	Shares	% of share capital
John Hustler (Chair)	31,841	0.17	19,735	0.14
Richard Roth (Chair of the Audit Committee)	15,000	0.08	15,000	0.10
Alex Clarkson	10,060	0.05	10,060	0.07
Richard Manley	96,059	0.51	71,846	0.49

There have been no changes in the Directors' interests since 31 December 2022. No options over the share capital of the Company have been granted to the Directors.

Details of the Directors' remuneration are disclosed below and in Note 4 on page 82.

Pensions (Information Subject to Audit)

None of the Directors receives, or is entitled to receive, pension benefits from the Company.

Share options and long-term incentive schemes (Information Subject to Audit)

The Company does not grant any options over the share capital of the Company nor operate long-term incentive schemes.

Relative spend on pay

The table below sets out:

a) the remuneration paid to the Directors; and
b) the distributions made to shareholders by way of dividends paid in the financial year ended 31 December 2022 and the preceding financial year.

No shares are held in Treasury.

	Year ended 31 December 2022	Year ended 31 December 2021	Change %
Total remuneration	65,000	53,750	20.93
Dividends paid (Note 13)	700,400	727,000	(3.66)

Directors' Emoluments (Information Subject to Audit)

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below. Richard Roth is entitled to a higher fee due to his role as Chair of the Audit Committee.

Directors' Fees

	31 December 2022	31 December 2021
	£	£
John Hustler (Chair)	15,000	15,000
Richard Roth (Chair of the Audit Committee)	20,000	20,000
Alex Clarkson	15,000	15,000
Richard Manley*	15,000	3,750
Total	**65,000**	**53,750**

* Richard Manley, a director of the Investment Manager, elected to waive his Director's fee until the operating costs were less than the expenses cost cap, which occurred in Q3 2021. As such, Richard Manley's Director's fee was taken for the 2022 financial year as payment to the Investment Manager.

The Directors did not receive any other form of emoluments in addition to the Directors' fees during the year. John Hustler and Richard Roth, as members of the CAC, may be entitled to performance fees in the future as referred to below. Directors may be entitled to fees from investee companies when acting on the Company's behalf as Director, Observer or Consultant to those investees; however, no Directors currently perform such a role in relation to the Ordinary share pool and any fee that could be payable in relation to the B share pool would be payable to Seneca and would be disclosed in Note 18. The Board will ensure that any such fee would not present a conflict of interest which could impact its independent judgement.

Total Shareholder Return Performance Graph

The graphs on pages 34 to 35 compare the NAV return (rebased to 100) of the Company's Ordinary shares over the period from October 2001 to December 2022 and the B shares from August 2018 to December 2022, with the total return from a notional investment (rebased to 100) in the FTSE AIM All-Share Index over the same period. This index is considered to be the most appropriate equity market against which investors can measure the relative performance of the Company due to average market cap per listing, risk profile and its investor base being more directly comparable to the Company's.

Statement of the Company's policy on Directors' Remuneration

The Board manages the Company and consists of four non-executive Directors, who meet formally as a Board at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Seneca is the Company's Investment Manager and is responsible for the management of the investments made from the B share pool, although management of the investments in the Company's Ordinary share pool has been delegated to the remaining members of the Board of the Company serving immediately prior to the appointment of Seneca (the CAC), which now consists of John Hustler and Richard Roth.

The performance incentive fees relevant to those Directors serving up to 7 October 2015 were revised under an agreement dated 7 October 2015 (the "Accrued Performance Incentive Fee"). The new arrangements froze the sum due to those Directors serving up to 7 October 2015 at £702,000 (the accrued liability as disclosed in the 2014 audited Financial Statements) which will only start to become payable once a further 8.75p of dividends have been paid in respect of each Ordinary share (such that original subscribing shareholders will have received 80p per share in dividends). As no liability is payable to any relevant Director more than five years after his resignation from the Company, James Otter is no longer entitled to any such fee: as explained in Note 5, his potential share of any liability has been extinguished and the remaining total potential liability under the Accrued Performance Incentive Fee has been reduced to £468,000. This liability will then be paid at the rate of 16.67% of subsequent dividends until a liability of £468,000 has been discharged; this is in keeping with the original approved arrangement. Following the payment of this liability, any further performance fee in the future will be payable at the reduced rate of 10% of total distributions above the audited total return at 31 December 2014, with the outstanding balance subject to a hurdle rate of 6% per annum, and will be split between the members of the CAC based on a formula driven by relative length of service starting from 7 October 2015 ("Further Performance Incentive Fee"). Further details of the revised arrangements are set out in Note 5 to the Financial Statements.

The Company entered into an agreement with Charles Breese following his resignation on 10 June 2019 that he may be entitled to a pro rata proportion of performance fees as set out in Note 5 to the Financial Statements.

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect.

The Board intend to raise the basic fee payable to all non-executive Directors from £15,000 per annum to £17,500 per annum with effect from the upcoming AGM on 18 May 2023. The Company will also cover the travel expenses of the non-executive Directors with effect from the same date. The additional fee of £5,000 per annum currently paid to the Chair of the Audit Committee remains unchanged.

Company Strategy

To provide shareholders with an attractive income and capital return by investing its funds in a portfolio of both unquoted and AIM/AQSE quoted UK companies. which meet the relevant criteria under the VCT rules.

Terms of Appointment

Directors are appointed with the expectation that they will serve for a period of at least three years. All Directors retire at the first general meeting after election and thereafter will be subject to re-election on an annual basis in line with practices recommended in the 2019 AIC Code. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director has received a letter of appointment. A Director may resign by notice in writing to the Board at any time. Members of the CAC are entitled to a pro rata proportion of any performance fees payable to the CAC accruing at the date of resignation up to five years from the date of resignation.

By order of the Board
ISCA Administration Services Limited
Company Secretary
20 April 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable laws 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 Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

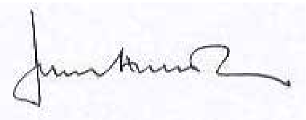
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that, to the best of their knowledge:

- there is no relevant audit information of which the Company's auditor is unaware;
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information;
- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Investment Manager's Report, Business Review and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.



On behalf of the Board

John Hustler
Chair
20 April 2023

Auditor's Report

Report of the Independent Auditor to the Members of Seneca Growth Capital VCT Plc

Opinion

We have audited the financial statements of Seneca Growth Capital VCT Plc (the 'Company') for the year ended 31 December 2022, which comprise the Combined Income Statement, Combined Balance Sheet, Combined Statement of Changes in Equity, Combined Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its net return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Our approach to the audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records are outsourced to third-party service providers. Accordingly, our audit work is focused on obtaining an understanding of, and evaluating, internal controls at the Company and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

The audit team communicated throughout the audit with the directors and investment managers in order to ensure we had good knowledge of the business of the Company. During the audit, we reassessed and re-evaluated audit risks and tailored our approach accordingly.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including significant deficiencies in internal control that we identified during the audit, if any.

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.

In making this assessment we have considered the directors' procedures for overseeing the activities of the Company and reviewing its results and forecasts. The application of those procedures has been supported by us reviewing Board minutes and other accessible documentation which confirm that the directors regularly benchmark key performance indicators which include but is not restricted to, reviewing the net asset value per share and net asset value total return per share and the frequent monitoring of available funds, anticipated cash outflows and financial headroom.

In conjunction with the evaluation of management's assessment of going concern, we have observed that resources are carefully planned and managed with the intention of ensuring that the Company has sufficient resources available and accessible to ensure that the Company' commitments and obligations are capable of being met as they fall due.

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a complete and accurate description of the directors' assessment of going concern.

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. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

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 of Responsibilities 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.

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) 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. In arriving at our audit opinion above, key audit matters identified were valuation, ownership and existence of investments, and compliance with the VCT rules. This is not a complete list of all risks identified by our audit.

Valuation, ownership and existence of investments

The Company's investment portfolio is one of the key drivers of its results, of which 62% is represented by quoted investments and 38% by unquoted investments.

Quoted investments are not considered to be at a high risk of material misstatement in terms of valuation, or to be subject to a significant level of judgement, because they comprise liquid investments, for which evidence of the market price is readily available. However, due to their materiality in the context of the financial statements as a whole, they are considered to be a significant risk area.

Our audit work included, but was not restricted to, consideration of the design and implementation of controls over the pricing of quoted investments and agreeing 100% of investment prices to independent sources. We considered the appropriateness of the use of the quoted bid price by reviewing the liquidity of the market of the quoted investments held.

The valuation of unquoted investments involves significant judgements and estimates. In particular, we look at where the directors made subjective judgements in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We obtained an understanding of how the valuations were performed and considered whether the method chosen was in accordance with published guidance and reviewed and challenged the assumptions applied to the valuation inputs. We verified and benchmarked key inputs and estimates to independent information from our own research and against metrics from the investments and where appropriate, we performed sensitivity analysis on the valuation calculations and alternative valuation methods were considered and discussed with management to provide alternative views on the value of the investments.

Further, we also considered the economic environment in which the investments operate in to identify factors that could impact the investment valuation.

Ownership and existence are also considered significant risks. We confirmed investment holdings to custodian report, share certificates and Companies House.

Key observations

Our testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year end.

Compliance with VCT rules

Compliance with the VCT rules is necessary to maintain the VCT status and associated tax benefits. Our audit work included, but was not restricted to:

- Reviewing of the design and implementation of controls around the ongoing internal assessment and monitoring of VCT compliance.
- Obtaining an understanding of the processes adopted and evidenced the work completed by the Investment Manager on documenting compliance with the key VCT rules and directors' review of this on a regular basis.
- Testing the conditions for maintaining approval as a VCT as set out by HMRC. Each of the conditions was reviewed in turn in order to assess whether it had been met as at the year-end.

Key observations

We reviewed the documentation maintained, that confirmed the Company was in compliance with the VCT rules during the period and at the year end. Further our own testing of compliance with the individual VCT rules did not identify any breaches.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we use to determine the extent of testing needed, to reduce to an appropriately low-level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £184,000, which is 1% of the value of the Company's total assets. This is the amount representing the total magnitude of misstatements that we expect to influence the economic decisions of the users of these financial statements.

A key judgement in determining materiality (and performance materiality) is the appropriate benchmark to select. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. We determined that the total assets is the key benchmark to use in setting materiality given the Company's objective is for capital appreciation (increase value of investments). When using total assets to determine overall materiality, our approach is to apply a percentage between 0.5% and 2% to the amount. In setting overall materiality, we applied a rate of 1 % which is towards the lower end of the allowable percentage range, being a listed and regulated entity.

We have considered performance materiality at a level of 75% of materiality for the Company's financial statements as a whole, which equates to £138,000. We applied this percentage in our determination of performance materiality because the valuation of unquoted investments is subject to a significant level of judgement and is considered to be at a high risk of material misstatement.

Audit misstatement posting threshold is determined to be £9,000, which is 5% of materiality. This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of differences below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller differences which are indicators of fraud.

For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the income statement to be £67,000, which is 25% of the Company's net revenue return on ordinary activities before taxation. Net revenue return excludes realised gain or loss on sale of investments and unrealised gain or loss on valuation of investments as these were considered in testing of investments using balance sheet materiality of £184,000.

Other information

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

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

We have nothing to report in this regard.

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

- **Fair, balanced and understandable, set out on page 41** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting, set out on pages 52 to 53** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code, set out on page 50** – the parts of the Directors' Report required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditors in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinion on other matters prescribed by the Companies Act 2006

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

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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 those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital

structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

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

Corporate governance statement

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

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

- the disclosures in the annual report set out on pages 37 to 38 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 37 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the section in the annual report set out on page 38 that describes the review of the effectiveness of Company's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls;
- the section in the annual report set out on pages 52 to 53 that describes the work of the audit committee, including the significant issues that the audit committee considered relating to the financial statements, if any, and how these issues were addressed;
- the directors' statement set out on page 44 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 37 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement (set out on page 58), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

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

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

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

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements, including the UK Companies Act and tax legislation, and, those that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management concerning actual and potential litigation and claims and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

Other matters which we are required to address

We were appointed by the Audit Committee on 10 May 2022. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year.

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

Other than those disclosed in the corporate governance report, we have provided no non-audit services to the Company in the period from 1 January 2022 to 31 December 2022.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

Scott Lawrence

Scott Lawrence FCA (Senior Statutory Auditor)
for and on behalf of Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

20 April 2023

Financial Statements

Combined Income Statement

	Note	**Combined Year to 31 December 2022**			Combined Year to 31 December 2021		
		Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments		**-**	**290**	**290**	-	1,027	1,027
(Loss)/gain on valuation of fixed asset investments		**-**	**(2,554)**	**(2,554)**	-	1,609	1,609
Performance fee	5	**-**	**(2)**	**(2)**	-	(158)	(158)
Investment management fee net of cost cap	2	**(70)**	**(215)**	**(285)**	(53)	(158)	(211)
Other expenses	3	**(198)**	**-**	**(198)**	(171)	-	(171)
Return on ordinary activities before tax		**(268)**	**(2,481)**	**(2,749)**	(224)	2,320	2,096
Taxation on return on ordinary activities	6	**-**	**-**	**-**	-	-	-
Return on ordinary activities after tax		**(268)**	**(2,481)**	**(2,749)**	(224)	2,320	2,096
Return on ordinary activities after tax attributable to: Owners of the fund		**(268)**	**(2,481)**	**(2,749)**	(244)	2,320	2,096

There was no other Comprehensive Income recognised during the year.

- The 'Total' column of the income statement and statement of comprehensive income is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.
- The Company has two share classes, the Ordinary share and B share class.

The Company has no recognised gains or losses other than the results for the year as set out above.

The accompanying notes are an integral part of the Financial Statements.

Ordinary Share Income Statement (Non-statutory Analysis)

		Ordinary shares Year to 31 December 2022			Ordinary shares Year to 31 December 2021		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments		**-**	**86**	**86**	-	82	82
(Loss)/gain on valuation of fixed asset investments	9	**-**	**(43)**	**(43)**	-	1,121	1,121
Performance fee	5	**-**	**(2)**	**(2)**	-	(158)	(158)
Investment management fee	4	**-**	**-**	**-**	-	-	-
Other expenses	3	**(28)**	**-**	**(28)**	(16)	-	(16)
Return on ordinary activities before tax		**(28)**	**41**	**13**	(16)	1,045	1,029
Taxation on return on ordinary activities	6	**-**	**-**	**-**	-	-	-
Return on ordinary activities after tax		**(28)**	**41**	**13**	(16)	1,045	1,029
Return on ordinary activities after tax attributable to: Ordinary shareholders		**(28)**	**41**	**13**	(16)	1,045	1,029
Earnings per share – basic and diluted	7	**(0.3)p**	**0.5p**	**0.2p**	(0.2)p	12.8p	12.6p

B Share Income Statement (Non-statutory Analysis)

		B shares Year to 31 December 2022			B shares Year to 31 December 2021		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments		**-**	**204**	**204**	-	945	945
(Loss)/gain on valuation of fixed asset investments	9	**-**	**(2,511)**	**(2,511)**	-	488	488
Performance fee	5	**-**	**-**	**-**	-	-	-
Investment management fee net of cost cap	2	**(70)**	**(215)**	**(285)**	(53)	(158)	(211)
Other expenses	3	**(170)**	**-**	**(170)**	(155)	-	(155)
Return on ordinary activities before tax		**(240)**	**(2,522)**	**(2,762)**	(208)	1,275	1,067
Taxation on return on ordinary activities	6	**-**	**-**	**-**	-	-	-
Return on ordinary activities after tax		**(240)**	**(2,522)**	**(2,762)**	(208)	1,275	1,067
Return on ordinary activities after tax attributable to: B shareholders		**(240)**	**(2,522)**	**(2,762)**	(208)	1,275	1,067
Earnings per share – basic and diluted	7	**(1.4)p**	**(15.1)p**	**(16.5)p**	(1.7)p	10.6p	8.9p

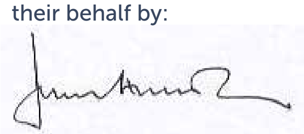
Combined Balance Sheet

		Combined As at 31 December 2022		Combined As at 31 December 2021	
	Note	**£'000**	**£'000**	£'000	£'000
Fixed asset investments*	9	**-**	**13,576**	-	11,165
Current assets:					
Debtors	10	**10**	**-**	9	-
Cash and cash equivalents		**5,065**	**-**	7,105	-
Creditors: amounts falling due within one year	11	**(168)**	**-**	(165)	-
Net current assets		**-**	**4,907**	-	6,949
Creditors: amounts falling due after more than one year	11	**(353)**	**-**	(351)	-
Net assets		**-**	**18,130**	-	17,763
Called up equity share capital	12	**-**	**269**	-	227
Share premium	13	**-**	**14,537**	-	10,738
Capital redemption reserve	13	**-**	**-**	-	-
Special distributable reserve	13	**-**	**5,642**	-	6,367
Capital reserve – realised gains and losses	13	**-**	**2,113**	-	2,639
Capital reserve – holding gains and losses	13	**-**	**(1,682)**	-	273
Revenue reserve	13	**-**	**(2,749)**	-	(2,481)
Total equity shareholders' funds		**-**	**18,130**	-	17,763

**At fair value through profit and loss*

The accompanying notes are an integral part of the Financial Statements.

The statements were approved by the Directors and authorised for issue on 20 April 2023 and are signed on their behalf by:



John Hustler
Chair
Company No: 04221489

Ordinary Share Balance Sheet (Non-statutory Analysis)

		Ordinary shares As at 31 December 2022		Ordinary shares As at 31 December 2021	
	Note	**£'000**	**£'000**	£'000	£'000
Fixed asset investments*	9	**-**	**2,974**	-	3,212
Current assets:					
Debtors	10	**-**	**-**	-	-
Cash and cash equivalents		**409**	**-**	318	-
Creditors: amounts falling due within one year	11	**(22)**	**-**	(22)	-
Net current assets		**-**	**387**	-	296
Creditors: amounts falling due after more than one year	11	**(353)**	**-**	(351)	-
Net assets			**3,008**	-	3,157
Called up equity share capital	12	**-**	**81**	-	81
Share premium		**-**	**-**	-	-
Capital redemption reserve		**-**	**-**	-	-
Special distributable reserve		**-**	**3,598**	-	3,760
Capital reserve – realised gains and losses		**-**	**985**	-	1,531
Capital reserve – holding gains and losses		**-**	**333**	-	(254)
Revenue reserve		**-**	**(1,989)**	-	(1,961)
Total equity shareholders' funds		**-**	**3,008**	-	3,157
Net asset value per share	8	**-**	**37.1p**	-	38.9p

**At fair value through profit and loss*

B Share Balance Sheet (Non-statutory Analysis)

		B shares As at 31 December 2022		B shares As at 31 December 2021	
	Note	£'000	£'000	£'000	£'000
Fixed asset investments*	9	-	10,602	-	7,953
Current assets:				-	-
Debtors	10	10	-	9	-
Cash and cash equivalents		4,656	-	6,787	-
Creditors: amounts falling due within one year	11	(146)	-	(143)	-
Net current assets		-	4,520	-	6,653
Creditors: amounts falling due after more than one year	11	-	-	-	-
Net assets		-	15,122	-	14,606
Called up equity share capital	12	-	188	-	146
Share premium		-	14,537	-	10,738
Capital redemption reserve	13	-	-		
Special distributable reserve		-	2,044	-	2,607
Capital reserve – realised gains and losses		-	1,128	-	1,108
Capital reserve – holding gains and losses		-	(2,015)	-	527
Revenue reserve		-	(760)	-	(520)
Total equity shareholders' funds		-	15,122	-	14,606
Net asset value per share	8	-	80.7p	-	100.1p

**At fair value through profit and loss*

Combined Statement of Changes in Equity

	Share capital	Share premium	Capital Redemption Reserve	Special distributable reserve	Capital reserve realised gains/ (losses)	Capital reserve holding gains/ (losses)	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	**172**	**5,169**	**-**	**7,094**	**1,704**	**(1,112)**	**(2,257)**	**10,770**
B share issue	55	5,569	-	-	-	-	-	5,624
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(224)	(224)
Expenses charged to capital	-	-	-	-	(158)	-	-	(158)
Performance fee allocated as capital expenditure	-	-	-	-	(158)	-	-	(158)
Dividends paid	-	-	-	(727)	-	-	-	(727)
Current period gains on disposal	-	-	-	-	1,027	-	-	1,027
Current period gains on fair value of investments	-	-	-	-	-	1,609	-	1,609
Prior years' unrealised profits now realised	-	-	-	-	224	(224)	-	-
Balance as at 31 December 2021	**227**	**10,738**	**-**	**6,367**	**2,639**	**273**	**(2,481)**	**17,763**
B share issue	42	3,799	-	-	-	-	-	3,841
Own shares purchased for cancellation	-	-	-	(25)	-	-	-	(25)
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(268)	(268)
Expenses charged to capital	-	-	-	-	(215)	-	-	(215)
Performance fee allocated as capital expenditure	-	-	-	-	(2)	-	-	(2)
Dividends paid	-	-	-	(700)	-	-	-	(700)
Current period gains on disposal	-	-	-	-	290	-	-	290
Current period losses on fair value of investments	-	-	-	-	-	(2,554)	-	(2,554)
Prior years' unrealised losses now realised	-	-	-	-	(599)	599	-	-
Balance as at 31 December 2022	**269**	**14,537**	**-**	**5,642**	**2,113**	**(1,682)**	**(2,749)**	**18,130**

The accompanying notes are an integral part of the Financial Statements.

Ordinary Shares Statement of Changes in Equity (Non-statutory Analysis)

	Share capital	Share premium	Capital Redemption Reserve	Special distributable reserve	Capital reserve realised gains/ (losses)	Capital reserve holding gains/ (losses)	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	**81**	**-**	**-**	**4,085**	**1,532**	**(1,300)**	**(1,945)**	**2,453**
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(16)	(16)
Expenses charged to capital	-	-	-	-	-	-	-	-
Performance fee allocated as capital expenditure	-	-	-	-	(158)	-	-	(158)
Dividends paid	-	-	-	(325)	-	-	-	(325)
Current period gains on disposal	-	-	-	-	82	-	-	82
Current period gains on fair value of investments	-	-	-	-	-	1,121	-	1,121
Prior years' unrealised profits now realised	-	-	-	-	75	(75)	-	-
Balance as at 31 December 2021	**81**	**-**	**-**	**3,760**	**1,531**	**(254)**	**(1,961)**	**3,157**
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(28)	(28)
Expenses charged to capital	-	-	-	-	-	-	-	-
Performance fee allocated as capital expenditure	-	-	-	-	(2)	-	-	(2)
Dividends paid	-	-	-	(162)	-	-	-	(162)
Current period gains on disposal	-	-	-	-	86	-	-	86
Current period losses on fair value of investments	-	-	-	-	-	(43)	-	(43)
Prior years' unrealised losses now realised	-	-	-	-	(630)	630	-	-
Balance as at 31 December 2022	**81**	**-**	**-**	**3,598**	**985**	**333**	**(1,989)**	**3,008**

B Shares Statement of Changes in Equity (Non-statutory Analysis)

	Share capital	Share premium	Capital Redemption Reserve	Special distributable reserve	Capital reserve realised gains/ (losses)	Capital reserve holding gains/ (losses)	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	**91**	**5,169**	**-**	**3,009**	**172**	**188**	**(312)**	**8,317**
B share issue	55	5,569	-	-	-	-	-	5,624
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(208)	(208)
Expenses charged to capital	-	-	-	-	(158)	-	-	(158)
Dividends paid	-	-	-	(402)	-	-	-	(402)
Current period gains on disposal	-	-	-	-	945	-	-	945
Current period gains on fair value of investments	-	-	-	-	-	488	-	488
Prior years' unrealised profits now realised	-	-	-	-	149	(149)	-	-
Balance as at 31 December 2021	**146**	**10,738**	**-**	**2,607**	**1,108**	**527**	**(520)**	**14,606**
B share issue	42	3,799	-	-	-	-	-	3,841
Own shares purchased for cancellation	-	-	-	(25)	-	-	-	(25)
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(240)	(240)
Expenses charged to capital	-	-	-	-	(215)	-	-	(215)
Dividends paid	-	-	-	(538)	-	-	-	(538)
Current period gains on disposal	-	-	-	-	204	-	-	204
Current period losses on fair value of investments	-	-	-	-	-	(2,511)	-	(2,511)
Prior years' unrealised profits now realised	-	-	-	-	31	(31)	-	-
Balance as at 31 December 2022	**188**	**14,537**	**-**	**2,044**	**1,128**	**(2,015)**	**(760)**	**15,122**

Combined Statement of Cash Flows

	Note	**Combined Year to 31 December 2022**	Combined Year to 31 December 2021
	Note	**£'000**	£'000
Cash flows from operating activities:			
Return on ordinary activities before tax		**(2,749)**	2,096
Adjustments for:			
Increase in debtors	10	**(1)**	(2)
Increase in creditors	11	**5**	254
Gain on disposal of fixed asset investments		**(290)**	(1,027)
Loss / (gain) on valuation of fixed asset investments		**2,554**	(1,609)
Cash from operations		**(481)**	(288)
Income taxes paid	6	**-**	-
Net cash used in operating activities		**(481)**	(288)
Cash flows from investing activities:			
Purchase of fixed asset investments	9	**(5,920)**	(4,613)
Sale of fixed asset investments	9	**1,245**	2,207
Total cash outflow from investing activities		**(4,675)**	(2,406)
Cash flows from financing activities:			
Dividend paid		**(700)**	(727)
Own shares purchased for cancellation		**(25)**	(25)
Issue of B shares		**3,841**	5,624
Awaiting B share issue	11	**-**	(154)
Total cash inflow from financing activities		**3,116**	4,743
(Decrease) / increase in cash and cash equivalents		**(2,040)**	2,049
Opening cash and cash equivalents		**7,105**	5,056
Closing cash and cash equivalents		**5,065**	7,105

The accompanying notes are an integral part of the Financial Statements.

Ordinary Shares Statement of Cash Flows (Non-statutory Analysis)

	Note	**Ordinary shares Year to 31 December 2022** £'000	Ordinary shares Year to 31 December 2021 £'000
Cash flows from operating activities:			
Return on ordinary activities before tax		**13**	1,029
Adjustments for:			
(Increase)/decrease in debtors		**-**	-
Increase in creditors		**2**	158
Gain on disposal of fixed asset investments		**(86)**	(82)
Loss / (gain) on valuation of fixed asset investments	9	**43**	(1,121)
Cash from operations		**(28)**	(16)
Income taxes paid	6	**-**	-
Net cash used in operating activities		**(28)**	(16)
Cash flows from investing activities:			
Purchase of fixed asset investments	9	**-**	(85)
Sale of fixed asset investments	9	**281**	217
Total cash inflow from investing activities		**281**	132
Cash flows from financing activities:			
Dividend paid		**(162)**	(325)
Total cash outflow from financing activities		**(162)**	(325)
Increase / (decrease) in cash and cash equivalents		**91**	(209)
Opening cash and cash equivalents		**318**	527
Closing cash and cash equivalents		**409**	318

B Shares Statement of Cash Flows (Non-statutory Analysis)

	Note	**B shares Year to 31 December 2022**	B shares Year to 31 December 2021
		£'000	£'000
Cash flows from operating activities:			
Return on ordinary activities before tax		**(2,762)**	1,067
Adjustments for:			
Increase in debtors		**(1)**	(2)
Increase in creditors		**3**	96
Gain on disposal of fixed asset investments		**(204)**	(945)
Loss / (gain) on valuation of fixed asset investments	9	**2,511**	(488)
Cash from operations		**(453)**	(272)
Income taxes paid	6	**-**	-
Net cash used in operating activities		**(453)**	(272)
Cash flows from investing activities:			
Purchase of fixed asset investments	9	**(5,920)**	(4,528)
Sale of fixed asset investments	9	**964**	1,990
Total cash outflow from investing activities		**(4,956)**	(2,538)
Cash flows from financing activities:			
Dividend paid		**(538)**	(402)
Own shares purchased for cancellation		**(25)**	-
Issue of B shares		**3,841**	5,624
Awaiting B share issue	11	**-**	(154)
Total cash inflow from financing activities		**3,278**	5,068
(Decrease) / increase in cash and cash equivalents		**(2,131)**	2,258
Opening cash and cash equivalents		**6,787**	4,529
Closing cash and cash equivalents		**4,656**	6,787

Notes to the Financial Statements

1. Principal Accounting Policies

Basis of preparation

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ("GAAP"), including FRS 102 and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (revised 2021)'.

The principal accounting policies have remained materially unchanged from those set out in the Company's 2021 Annual Report and Financial Statements. A summary of the principal accounting policies is set out below.

The Company is a public company and is limited by shares. The Company held all fixed asset investments at fair value through profit or loss. Accordingly, all interest income, fee income, expenses and gains and losses on investments are attributable to assets held at fair value through profit or loss.

The most important policies affecting the Company's financial position are those related to investment valuation and require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. These are discussed in more detail below.

Going Concern

The assets of the Company consist mainly of securities, sixteen of which are AIM quoted (2021: ten), quite liquid and readily accessible, as well as cash. As at 31 December 2022, 28% of net assets was cash (2021: 40%). After reviewing the Company's forecasts and expectations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its Financial Statements.

The Company continues to face material market volatility as a result of macroeconomic pressures. The Company's Board and Investment Manager are focused on ensuring that investee companies are taking the required actions to minimise the potential impact that these conditions could have on them. The Board and Seneca will continue to review these potential risks and keep those risks under regular review but do not consider current macroeconomic pressures to have a material impact on the Company's own ability to continue as a going concern.

Key judgements and estimates

The preparation of the Financial Statements requires the Board to make judgements and estimates regarding the application of policies affecting the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Unquoted investments are valued in accordance with current International Private Equity and Venture Capital Valuation (IPEV) guidelines, which can be found on their website at www.privateequityvaluation.com, although this does rely on subjective estimates such as appropriate sector earnings or revenue multiples, forecast results of investee companies, asset values of investee companies and liquidity or marketability of the investments held. The material factors affecting the returns and net assets attributable to shareholders of the different share classes are the valuations of the Ordinary and B share pools and ongoing general expenses.

Although the Directors believe that the assumptions concerning the business environment and estimate of future cash flows are appropriate, changes in estimates and assumptions could result in changes in the stated values. This could lead to additional changes in fair value in the future.

Functional and presentational currency

The Financial Statements are presented in Sterling (£). The functional currency is also Sterling (£).

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Fixed asset investments

The Company's principal financial assets are its investments and the policies in relation to those assets are set out below.

Purchases and sales of investments are recognised in the Financial Statements at the date of the transaction (trade date).

These investments will be managed and their performance evaluated on a fair value basis and information about them is provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as being fair value through profit or loss on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant reporting date or the last traded price, depending upon convention of the exchange on which the investment is quoted. In the case of AIM quoted investments this is the closing bid price. In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, earnings or revenue multiples, discounted cash flows and net assets. These are consistent with the IPEV guidelines.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve - holding gains/(losses).

In the preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Fair value hierarchy

Paragraph 34.22 of FRS 102 regarding financial instruments that are measured in the balance sheet at fair value requires disclosure of fair value measurements dependent on whether the stock is quoted and the level of the accuracy in the ability to determine its fair value. The fair value measurement hierarchy is as follows:

For quoted investments:

Level 1: quoted prices in active markets for an identical asset. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the bid price at the Balance Sheet date.

Level 2: where quoted prices are not available (or where a stock is normally quoted on a recognised stock exchange that no quoted price is available), the price of a recent transaction for an identical asset, providing there has been no significant change in economic circumstances or a significant lapse in time since the transaction took place. The Company held no such investments in the current or prior year.

For investments not quoted in an active market:

Level 3: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable data (e.g.: the price of recent transactions, earnings/revenue multiple, discounted cash flows and/or net assets) where it is available and rely as little as possible on entity specific estimates.

Current asset investments

No current asset investments were held at 31 December 2022 or 31 December 2021. Should current assets be held, gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve - gains/(losses) on disposal.

Income

Investment income includes interest earned on bank balances and from unquoted loan note securities, and dividends. Fixed returns on debt are recognised on a time apportionment basis so as to reflect the effective yield, provided it is probable that payment will be received in due course.

The Company has not generated any income in 2022 (2021: £nil).

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue with the exception of the performance and management fee. The performance fee is charged 100% to the capital reserve and the investment management fee charged to the B shares has been split 25% revenue and 75% capital, in line with industry practice and to reflect the Board's estimated split of investment returns which will be achieved by the Company's B shares over the long term. Expenses and liabilities not specific to a share class were chargeable to the B share pool for a period of three years from 1 July 2018 (subject to the cost cap discussed in Note 2). Since 1 July 2021, expenses are allocated pro-rata between the B shares and Ordinary shares based on their respective net asset values. These costs, including the annual management fee in the case of the B share pool, are capped at 3% of the net asset value of each share class.

Revenue and capital

The revenue column of the Income Statement includes all income and revenue expenses of the Company. The capital column includes gains and losses on disposal and holding gains and losses on investments, as well as those expenses that have been charged as capital costs. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the appropriate capital reserve on the basis of whether they are realised or unrealised at the Balance Sheet date.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the applicable tax rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended in the SORP.

Deferred tax is recognised on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date, except as otherwise indicated.

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

Financial instruments

The Company's principal financial assets are its investments and its cash and the policies in relation to those assets are set out above. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

Capital management is monitored and controlled using the internal control procedures set out on page 49 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

The Company does not have any externally imposed capital requirements.

Reserves

Called up equity share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve – represents the nominal value of shares bought back from shareholders and cancelled.

Special distributable reserve – includes cancelled share premium and capital redemption reserves available for distribution, share buy backs and may be used to cover dividend payments.

Capital reserve – holding gains and losses created when the Company revalues the investments still held during the year with any gains or losses arising being credited/ charged to the Capital reserve.

Capital reserve – gains and losses on disposal created when an investment is sold. Any balance held in the Capital reserve – holding gains and losses is transferred to the Capital reserve – realised gains and losses on disposal and recognised as a movement in reserves.

Revenue reserve – represents the aggregate value of accumulated realised profits (excluding capital profits), less losses and dividends.

Dividends Payable

Dividends payable are recognised as distributions in the Financial Statements when the Company's liability to make payment has been established. This liability is established for interim dividends when they are declared by the Board, and for final dividends when they are approved by shareholders.

2. Investment Management Fees for B shares

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Gross investment management fee	**303**	246
Cost cap refund from Seneca	**(18)**	(35)
Investment management fee net of cost cap	**285**	211

Seneca is entitled to an annual management fee of 2% of the weighted net asset value of the B share pool (2021: 2%) and, with effect from 1 August 2019, is also entitled to an annual fee of £9,000 (plus VAT, if applicable) in relation to management accounting services. These fees are payable quarterly in arrears. Seneca will also be entitled to certain monitoring fees from investee companies and the Board reviews the amounts (please see Note 18).

Seneca is also entitled to receive a performance related incentive fee (the "Performance Incentive Fee") in relation to the B share pool of an amount equal to 20% of the shareholder proceeds arising, provided that the payment of such a fee shall also be conditional upon (i) a return being generated on the B share pool for B shareholders in respect of that performance period of more than 5% per annum (pro-rated if that period is less than a year) and (ii) that such a return calculated for the period from 23 August 2018 to the end of the relevant performance period exceeds 5% per annum.

Shareholder proceeds are all amounts paid by way of dividend or other distributions, share buy backs, proceeds on a sale or liquidation of the Company in relation to the B shares and calculated on a per share basis, and any other proceeds or value received or deemed to be received by the holders of the relevant shares (excluding any income tax relief on subscription).

For the avoidance of doubt, no Performance Incentive Fee will be payable to the extent that the shareholder proceeds paid by the Company to the holders of the B shares have been justified by reference to distributable reserves otherwise attributable to the Ordinary share pool (as permitted in accordance with the Articles).

For a three-year period with effect from 1 July 2018, expenses of the Company were capped at 3% of the weighted average net asset value of the B shares, including the management fee (but excluding any performance fee). Since 1 July 2021, expenses have been capped at 3% across both the Ordinary share pool and the B share pool pro-rata to their respective net asset values.

The Investment Manager will indemnify the Company for any excess over the cost cap, with an amount equal to such excess either being paid by Seneca to the Company or refunded by way of a reduction to its fees. Accordingly, Seneca reduced its management fee by £18,000 in the year to 31 December 2022 (2021: reduced by £35,000).

Expenses are charged wholly to revenue with the exception of the (net) investment management fee which has been charged 75% to the capital reserve in line with industry practice and the performance fee.

3. Other Expenses

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Directors' remuneration and social security costs	**68**	57
Fees payable to the Company's auditor for the audit of the Financial Statements	**22**	23
Legal and professional expenses	**50**	51
Accounting and administration services	**19**	17
Other expenses (revenue)	**39**	23
Other expenses (capital)	**-**	-
	198	171

All expenses were charged to the Ordinary shares for the period to 30 June 2018. In line with the offer for subscription for B shares, and following the initial allotment of B shares on 23 August 2018, all the Company's general expenses are chargeable to the B share pool for a period of three years from 1 July 2018 (subject to the cost cap discussed in Note 2). Since 1 July 2021, expenses have been capped at 3% across both the Ordinary share pool and the B share pool pro-rata to their respective net asset values. Any expenditure related specifically to assets in one pool is chargeable to that pool.

4. Directors' Remuneration

	Year to 31 December 2022 £	Year to 31 December 2021 £
Directors' emoluments:		
John Hustler (Chair)	**15,000**	15,000
Richard Roth	**20,000**	20,000
Alex Clarkson	**15,000**	15,000
Richard Manley	**15,000**	3,750
	65,000	53,750

Richard Manley, a director of the Investment Manager, previously elected to waive his Director's fee, until the Company's operating costs were less than the expenses cost cap. Given the operating costs were less than the cost cap in Q4 2021, Richard Manley started taking his Director fee in 2022. This was paid to Seneca.

Apart from the Directors' fees detailed above, none of the Directors received any other remuneration from the Company during the year.

Directors' emoluments are exclusive of employers' National Insurance contributions, which totalled £3,212 (2021: £3,240). Together, the Directors' remuneration and social security costs totalled £68,212 (2021: £56,990).

Certain Directors may become entitled to receive a share of the performance incentive fee related to the Ordinary share pool as detailed in the Directors' Remuneration Report on page 56 and in Note 5.

The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was four (2021: four).

5. Performance Fees for Ordinary Shares

The performance incentive fees are calculated separately on the Ordinary shares and the B shares. Performance incentive fees in relation to the Ordinary shares are potentially payable to past and current members of the CAC. The current members of the CAC are John Hustler and Richard Roth.

The CAC entered into an agreement to take over management of the Company's investments on 30 July 2007 (the "2007 Agreement"), and at that time, a revised performance incentive scheme was implemented, such that its members would be entitled to 20% of all cash returns above the initial net cost to subscribing shareholders of 80p (the "Accrued Performance Incentive Fee").

On 7 October 2015, the performance incentive fee structure was further amended as follows. In respect of the period to 31 December 2014, the Accrued Performance Incentive Fee on the Ordinary share class of up to £702,000 shall be payable to James Otter (a former director of the Company who was also a member of the CAC), Charles Breese (a former director of the Company who was also a member of the CAC) and John Hustler, in equal proportions (with the liability to pay a director his share of such fee being extinguished if the fee is due for payment five years after his ceasing to be a member of the CAC. Such extinguished fees are credited back to the Company).

The liability to pay James Otter his share of any potential Accrued Performance Incentive Fee was extinguished on 7 October 2020 - the fifth anniversary of his ceasing to be a member of the CAC. Therefore, the total potential liability for the Company was reduced from £702,000 to £468,000.

As a result of the reduction in the Accrued Performance Incentive Fee by one third, the amount of the Accrued Performance Incentive Fee shall be 16.67% of any dividends and capital distributions returned to shareholders, which in total exceed the sum of 80p per Ordinary share (the "Hurdle"). This includes dividends paid to date on the Ordinary shares, being 71.3p per share. As a result of this, for every £1 potentially distributable in excess of the Hurdle, 80p shall be distributed to shareholders and 13.33p shall be paid as the Accrued Performance Incentive Fee, with 6.67p (being one third of the original 20p) retainable by the Company up until an amount of 114.65p per Ordinary share has been distributed to Ordinary shareholders, after which no further payment is payable in respect of the Accrued Performance Incentive Fee or otherwise under the terms of the 2007 Agreement (as amended). The Accrued Performance Incentive Fee shall be paid at the same time as payments are made to the Ordinary shareholders. All distributions by way of dividends and capital distributions in relation to the Ordinary share class shall count towards the Accrued Performance Incentive Fee and where non-cash dividends are declared, the Company's auditors shall assess their value by reference to a distribution per share. Following payment in full of the Accrued Performance Incentive Fee, a further performance incentive fee may become payable to the CAC in relation to the period after 7 October 2015 (the, "Further Performance Incentive Fee").

Following the amendment on 7 October 2015, any returns above the 31 December 2014 levels are subject to a further hurdle (the "Further Hurdle"), and the Further Performance Incentive Fee reduces the share to the CAC to 10% of sums returned to Ordinary shareholders by way of dividends and capital distributions of whatever nature, which in total exceed the Further Hurdle (excluding any initial tax relief on the subscription for the Ordinary shares). The "Base Figure" for the Further Hurdle shall be 90.4p per Ordinary share and shall be increased by a sum equal to notional interest thereon, at the rate of 1.467% per quarter from 1 January 2015, compounded with quarterly rests. For the purposes of determining the increase in the Base Figure, the amount on which notional interest is to accrue in each quarter shall be reduced by the amount of all sums returned to Ordinary shareholders by way of dividends and capital distributions in the previous quarter. Shareholders will need to have received distributions of 114.65p per Ordinary share, together with the amount to take account of notional interest as calculated above, before any Further Performance Incentive Fee is payable.

As at 31 December 2022, the Total Gross Return in respect of the Ordinary shares is 112.66p, and so 4.35p per Ordinary share, totalling £353,000 has been accrued as part of this liability (31 December 2021: 112.47p, 4.33p and £351,000 respectively) The movement of £2,000 in the Accrued Performance Incentive Fee has been recognised as capital expenditure in the Ordinary share income statement (2021: £158,000).

Assuming no dividends are paid on the Ordinary shares in 2023, the Total Gross Return would need to exceed 173.6p at 31 December 2023 before any Further Performance Incentive Fee could be due, and at that time, it would be 10% of any dividends or capital distributions made above this threshold. If the Further Performance Incentive Fee is not triggered (as it has not been in this financial year) the Further Hurdle, net of dividends paid, increments by a compound annual growth rate of 6%, applied quarterly as described above.

If the CAC consider it necessary to engage external advisors in support of managing its portfolio, the costs of this will be borne by the Ordinary share pool. The Further Performance Incentive Fee shall be divided among such members of the CAC (past, present and future) who have been members of that committee since the 7 October 2015, on a pro rata basis, linked to the relative amount of time since the date of the 7 October 2015 agreement for which each individual has been a member of the CAC. An individual will not be entitled to payment of any of Further Performance Incentive Fee if he ceased to be a member of the CAC in certain conditions, or ceased to be a member of the CAC more than five years before the payment of any amount of Further Performance Incentive Fee becomes due and any such fees will be credited back to the Company. For the purposes of the Further Performance Incentive Fee, the method of determining distributions will follow that used in calculating the Accrued Performance Incentive Fee.

6. Tax on Ordinary Activities

The corporation tax charge for the year was £nil (2021: £nil).

The tax charge is calculated on return on ordinary activities before taxation at the applicable rate of 19.0% (2021: 19.0%).

Current Tax Reconciliation:

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Return on Ordinary activities before tax	**(2,749)**	2,096
Current tax at 19% (2020: 19%)	**(522)**	398
Gains/losses not subject to tax	**430**	(501)
Performance fee accrual not tax deductible	**0**	30
Excess management expenses carried forward	**92**	73
Total current tax charge and tax on results of ordinary activities	**-**	-

The company has excess management expenses of £3,763,000 (2021: £3,279,000) to carry forward to offset against future taxable profits.

Approved VCTs are exempt from tax on capital gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a VCT, no current deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

7. Earnings per Share

The earnings per Ordinary share is based on 8,115,376 (31 December 2021: 8,115,376) shares, being the weighted average number of Ordinary shares in issue during the year, and a return for the year totalling £13,000 (31 December 2021: (£1,029,000)).

The earnings per B share is based on 16,694,546 (31 December 2021: 12,002,312) shares, being the weighted average number of B shares in issue during the year, and a return for the year totalling £(2,762,000) (31 December 2021: (£1,067,000)).

There are no potentially dilutive capital instruments in issue and, therefore, no diluted returns per share figures are relevant. The basic and diluted earnings per share are therefore identical.

8. Net Asset Value per Share

The calculation of NAV per Ordinary share as at 31 December 2022 is based on 8,115,376 Ordinary shares in issue at that date (31 December 2021: 8,115,376).

The calculation of NAV per B share as at 31 December 2022 is based on 18,749,559 B shares in issue at that date (31 December 2021: 14,588,659).

9. Fixed Asset Investments

Ordinary Shares

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost as at 1 January 2022	892	2,573	3,465
Cumulative revaluation	2,082	(2,335)	(253)
Valuation at 1 January 2022	**2,974**	**238**	**3,212**
Movement in the year:			
Purchases at cost	-	-	-
Disposals – cost	(60)	-	(60)
Disposals – revaluation	(135)	-	(135)
Reclassification in year	-	-	-
Revaluation in year	136	(179)	(43)
Valuation at 31 December 2022	**2,915**	**59**	**2,974**
Book cost at 31 December 2022	832	2,573	3,405
Revaluation to 31 December 2022	2,083	(2,514)	(431)
Valuation at 31 December 2022	**2,915**	**59**	**2,974**

B Shares

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost as at 1 January 2022	4,042	3,384	7,426
Cumulative revaluation	484	43	527
Valuation at 1 January 2022	**4,526**	**3,427**	**7,953**
Movement in the year:			
Purchases at cost	4,370	1,550	5,920
Disposals – cost	(729)	-	(729)
Disposals – revaluation	(31)	-	(31)
Revaluation in year	(2,576)	65	(2,511)
Valuation at 31 December 2022	**5,560**	**5,042**	**10,602**
Book cost at 31 December 2022	7,682	4,935	12,617
Revaluation to 31 December 2022	(2,122)	107	(2,015)
Valuation at 31 December 2022	**5,560**	**5,042**	**10,602**

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Report on pages 14 to 33.

Full details of the methods used by the Company are set out in Note 1 of these financial statements. Where investments are held in quoted stocks, fair value is set at the market bid price.

All investments are initially measured at their transaction price. Subsequently, at each reporting date, the investments are valued at fair value through profit or loss, and all capital gains or losses on investments are so measured. Unquoted fixed asset investments are valued at fair value in accordance with the IPEV guidelines.

The changes in fair value of such investments recognised in these Financial Statements are treated as unrealised holding gains or losses.

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in fair value of financial assets held at the price of recent investment, or to adjust revenue or earnings multiples. Of the Company's Level 3 investments, 24% are held on a revenue multiple basis (2021: 49% were held on that basis) and therefore have significant judgement applied to the valuation inputs. Further, the exit equity waterfall structure as detailed in each investee company's articles of association is also included as a valuation input. Throughout this exercise, and in determining the value of the Company's equity investments where trading multiples are considered, multiples used are reviewed and compared to industry peers, based on size, stage of development, revenue generation and growth rate, as well as their wider strategy and market position. These multiples are calculated in the traditional manner, by dividing the enterprise value of the comparable group by its revenue, EBITDA or earnings depending on what is the norm in a particular sector driven by how acquisitions in that sector are typically valued. 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.

When considering the valuations and valuation methodologies, we determined that the fair value for the B share pool's investments in Bright Network, Silkfred Limited and Vizibl was most appropriately derived via a revenue multiple based approach. An earnings multiple based approach was not considered appropriate for any B share pool investments at this point given their stage of development.

The valuations for Fabacus and SolasCure are based on the price of funds last raised and the valuation for Qudini is based on the implied value of an offer to acquire the business. The valuations for Alderley Lighthouse Labs, Geomiq Ltd and Convenient Collect Ltd (t/a Hubbox) are based on the price of the B share pool's last investment and are reviewed for change in fair value.

Similar valuation methodologies as highlighted above are also considered in assessing the fair value of the Ordinary share pool's unquoted investments.

When using this methodology however, a detailed assessment of the respective value of each portfolio company is also performed in order to gain the necessary comfort as to whether a fair value reduction or uplift is in fact required. This process involves a review of the progress made by each investee company, recent developments in the M&A market and comparisons to listed competitors across all relevant key performance indicators.

FRS 102 requires the Directors to consider the impact of changing one or more of the assumptions used as part of the valuation process to reasonable possible alternative assumptions. Each of the relevant unquoted portfolio companies has been reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions. Where discounts have been applied (for example to revenue levels) alternatives have been considered which still fall within the IPEV Guidelines. For each relevant unquoted investment, two scenarios have been modelled: more prudent assumptions (downside case) and more optimistic assumptions (upside case). Using the upside alternative, the value of the unquoted investments could result in an increase in valuation of the B share pool investments by £44k. Applying the downside alternative, the value of the unquoted investments could result in a decrease in valuation of B share pool investments by £88k. The impact of the downside sensitivity is more limited by the preferential positions in the equity distribution waterfalls of the B share pool investee companies mentioned above.

10. Debtors

	31 December 2022 £'000	31 December 2021 £'000
Prepayments	**10**	9

11. Creditors

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Trade creditors	**-**	4
PAYE/NIC	**5**	6
Other creditors	**23**	23
Accruals	**140**	132
Total amounts falling due within one year	**168**	165
Amounts falling due after one year:		
Accruals	**353**	351
Total amounts falling due after one year	**353**	351

The amount falling due after more than one year relates to the potential liability for a performance fee on the Ordinary share portfolio. More details are in Note 5.

12. Share Capital

	31 December 2022 £'000	31 December 2021 £'000
Allotted and fully paid up:		
8,115,376 Ordinary shares of 1p (2021: 8,115,376 shares of 1p)	**81**	81
18,749,559 B shares of 1p (2021 : 14,588,659 shares of 1p)	**188**	146
	269	227

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set on page 7.

During the year, the Company did not issue, nor buy back, any Ordinary shares.

The Company issued a total of 4,188,693 B shares at prices between 82.6p to 102.4p per B share during the year. These were issued pursuant to the offer for subscription for B shares launched on 29 October 2021 and a further offer for subscription for B shares launched on 26 August 2022 to raise, in aggregate, up to £10 million with an over-allotment facility of up to a further £10 million (before issue costs). The Company also bought back 27,793 B shares (equal to 0.16% of the opening number of B shares in issue) at a price of 90.4p per share.

The total net proceeds received for the shares issued in the year was £3,841k for the B share pool.

Share Rights

As regards Income: shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Articles. Under the Articles of the Company, all the assets of the Company and all the liabilities of the Company will be allocated either to the Ordinary share pool or the B share pool. The Ordinary shares will be entitled to the economic benefit of the assets allocated to the Ordinary share pool and the B shares will be entitled to the economic benefit of assets allocated to the B share pool. Therefore, although the rules in the CA 2006 and elsewhere in relation to the payment of distributions will be applicable to the Company on a company-wide basis, the income arising on the portfolios will belong to one or the other of the share classes depending on which portfolio generated the income.

As regards Capital: similarly, the capital assets of the Company will be allocated to either the Ordinary share pool or the B share pool. On a return of capital on a winding-up or on a return of capital (other than on a purchase by the Company of its shares) the surplus capital shall be divided amongst the holders of the relevant share class pro rata according to the number of shares of the relevant class held and the aggregate entitlements of that share class. The Ordinary shares will not be entitled to any capital assets held in the B share pool and the B shares will not be entitled to any capital assets held in the Ordinary share pool. In relation to the purchase by the Company of its shares, the purchase of Ordinary shares may only be financed by assets in the Ordinary share pool and the purchase of the B shares may only be financed by assets in the B share pool.

As regards voting and general meetings: subject to disenfranchisement in the event of noncompliance with a statutory notice requiring disclosure as to beneficial ownership, each shareholder present in person or by proxy shall on a poll have one vote for each share of which he/she is the holder. The Ordinary shareholders may not be entitled to vote on certain matters which concern the B share class only and vice versa.

As regards Redemption: none of the B shares or the Ordinary shares are redeemable. The Articles provide that reserves (whether created upon the cancellation of the share premium account arising from the issue of Ordinary shares or B shares or otherwise) may also be used for the benefit of the other share class. While this will not transfer any net asset value between the different share classes, it will permit those reserves to be treated as distributable profits on a Company-wide basis such that on an accounting basis dividends and share buybacks in respect of both share classes may be facilitated by the availability of those reserves.

13. Movement in Shareholders' Funds

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Shareholders' funds at start of year	**17,763**	10,770
Return on ordinary activities after tax	**(2,749)**	2,096
Increase due to issue of B shares	**3,841**	5,624
Own shares purchased for cancellation	**(25)**	-
Dividend paid	**(700)**	(727)
Shareholders' funds at end of year	**18,130**	17,763

The analysis of changes in equity by the various reserves are shown in the Statement of Changes in Equity on page 72.

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the Income Statement. Changes in fair value of investments held are then transferred to the capital reserve - holding gains/(losses). When an investment is sold any balance held on the capital reserve - holding gains/(losses) reserve is transferred to the capital reserve – gains/(losses) on disposal as a movement in reserves.

The purpose of the special distributable reserve was to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount at which the Company's shares trade to net asset value, providing shareholder authority has been granted.

Distributable reserves total £3,324,000 as at 31 December 2022 (2021: £6,525,000) and are represented by the special distributable reserve, the capital reserve gains/(losses) on disposal and the revenue reserve, reduced by positive holding reserves (if any).

An interim capital dividend of 2 pence per Ordinary share for the year to 31 December 2022 was paid on 23 December 2022.

An interim dividend of 1.5 pence per B share for the year to 31 December 2022 was paid on 20 May 2022. A second interim dividend of 1.5 pence per B share for the year to 31 December 2022 was paid on 16 December 2022.

14. Financial Instruments

The Company's financial instruments comprise equity investments, cash balances and liquid resources including creditors.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2022 and 31 December 2021:

	31 December 2022 £'000	31 December 2021 £'000
Financial assets at fair value through profit or loss:		
Fixed asset investments	**13,576**	11,165
Total	**13,576**	11,165
Financial assets measured at amortised cost:		
Cash and cash equivalents	**5,065**	7,105
Total	**5,065**	7,105
Financial liabilities measured at amortised cost:		
Creditors	**28**	33
Accruals	**140**	132
Performance fee	**353**	351
Total	**521**	516

Fixed asset investments (see Note 9) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with the IPEV guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year-end is equal to their book value.

The Company's creditors are initially recognised at fair value, which is usually the transaction price, and then thereafter at amortised cost.

The Company's Ordinary share pool provided an indemnity to the Royal Bank of Scotland ("RBS") in 2013 of £250,000 in relation to the registration of its shareholding in Omega Diagnostics Group Plc ("Omega"). The investment in Omega was made in 2007 and was fully exited in September 2020. The Board has not recognised any liability in relation to this historic indemnity as at 31 December 2022 and is liaising with RBS regarding the formal release of the indemnity.

15. Financial Risk Management

In carrying on its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing the Company are market risk, credit risk and liquidity risk. The Company's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 7. The management of market risk is part of the investment management process. The Company's portfolio is managed with regard to the possible effects of adverse price movements and with the objective of maximising overall returns to shareholders in the medium term. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out on pages 14 to 33.

28.1% (2021: 20.6%) by value of the Company's net assets comprise investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 10% overall increase in the valuation of the unquoted investments at 31 December 2022 would have increased net assets and the total return for the year by £510,000 (2021: £367,000) disregarding the impact of the performance fee; an equivalent change in the opposite direction would have reduced net assets and the total return for the year by the same amount.

46.7% (2021: 42.2%) by value of the Company's net assets comprises equity securities quoted on AIM. A 10% increase in the bid price of these securities as at 31 December 2022 would have increased net assets and the total return for the year by £848,000 (2021: £750,000) disregarding the impact of the performance fee; a corresponding fall would have reduced net assets and the total return for the year by the same amount.

Credit risk

There were no significant concentrations of credit risk to counterparties at 31 December 2022 or 31 December 2021.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board carries out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

Liquidity risk

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally are illiquid. They also include investments in AIM-quoted companies, which, by their nature, involve a higher degree of risk than investments on the main market. As a result, the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's liquidity risk is managed and monitored on a continuing basis by the Board in accordance with policies and procedures laid down by the Board.

16. Events After the Balance Sheet Date

The Company successfully exited B share portfolio unquoted investee company Qudini Ltd in January 2023. This was the result of the sale of the company to US software business Verint Systems, a leader in workforce engagement management. The consideration comprised an upfront payment equal to the B share pool's initial investment and the potential to receive up to a further 0.44x of the initial investment subject to Qudini's trading performance in the three years following the sale.

In March 2023, the Company invested £376k from the B share pool into AIM quoted Engage XR. Engage XR is a business-focused metaverse platform designed for corporations, professionals, education organisations and event organisers to create their own virtual worlds, provide services directly to their clients and allow them to engage with employees, customers and suppliers.

The Company declared an interim B share dividend of 1.5p per B share and an interim Ordinary share capital dividend of 2p per Ordinary share on 7 March 2023 to be paid on 19 May 2023 to shareholders on the share register on 5 May 2023, with an ex-dividend date of 4 May 2023.

On 21 February 2023, Ten80 Group Ltd. was put into liquidation; however, this has not had any impact on the B share NAV as it was already held at £nil value in the B share portfolio.

On 4 April 2023, the Company announced a new NAV per B share of 73.8p as at 31 March 2023. This decrease in NAV per B share was predominantly as a result of a reduction in the share prices of some of the B share pool's AIM quoted investments.

As at 31 March 2023, shares in Scancell were valued at 15.5p per share (31 December 2022: 24p) and shares in Arecor were valued at 250p per share (31 December 2022: 230p). As a result, on 4 April 2023 the Company announced an updated unaudited NAV per Ordinary share of 28.4p as at 31 March 2023.

On 5 April 2023 the Company issued 1,233,811 B shares, bringing the total issued share capital of the Company to 28,098,746 shares.

The B share pool also completed a follow-on investment of £500k into Old Street Labs Limited (t/a Vizibl) in April 2023.

The Directors are not aware of any other post balance sheet events which need to be brought to the attention of shareholders.

17. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments as at 31 December 2022 (2021: £nil).

18. Related Party Transactions

The Board acted as the investment manager of the Company until Seneca was appointed on 23 August 2018. Certain Directors are entitled to participate in a performance bonus as detailed in Note 5. During the year, Seneca has earnt £303,000 in management fees (2% of the weighted average net assets of the B share portfolio) (2021: £246,000). However, only £285,000 (2021: £211,000) is recoverable by Seneca as a result of the cost cap, as detailed in Note 2 of which £72,000 remained unpaid as at 31 December 2022 and has therefore been included in accruals (2021: £76,000).

Seneca as Investment Manager accrued £106,000 (2021: £74,193) transaction fees and directors' fees from investee companies in relation to the arrangement and monitoring of investments. As a related party, we believe that this transaction is disclosable, and the Board ensures it is managed from a conflicts of interest point of view. Seneca may also become entitled to a performance fee. See Note 2 to the financial statements for more information on these fees.

As detailed in the offer for subscription document dated 29 October 2021 and the subsequent offer for subscription document dated 26 August 2022, Seneca (as promoters of the Offer) is entitled to charge the Company up to 5.5% of investors' subscriptions. A total of £23,049 has been paid to Seneca for the year ended 31 December 2022 (2021: £35,278). Richard Manley's Director's fee of £15,000 was taken for the 2022 financial year as payment to the Investment Manager as detailed in the Directors' Remuneration Report and Policy on pages 54 to 57 (2021: £3,750).

Shareholder Information and Contact Details

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address should contact the Company's Registrar, Neville, whose details can be found on page 95. Other queries relating to dividends and shareholdings should also be directed to Neville.

Share Price

The share price of both the Company's Ordinary shares and B shares are published daily on the London Stock Exchange's website (www.londonstockexchange.com), and other financial websites, and can also be accessed through the Company's website (www.senecavct.co.uk). The Ordinary share price may be found using the TIDM/EPIC code HYG, and the B share price may be found using the TIDM/EPIC code SVCT.

	Ordinary shares	B shares
Latest mid-market share price (19 April 2023)	20.50p per share	70.00p per share

Buying and Selling Shares

The Company's Ordinary and B shares, which are listed on the London Stock Exchange, can be bought and sold in the same way as any other company quoted on a recognised stock exchange via a stockbroker. There may be tax implications in respect of all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

The Company does not currently operate a share buyback policy for its Ordinary shares, but is authorised to buy back its B shares (within approved limits). If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited as follows:

Chris Lloyd	020 7886 2716	chris.lloyd@panmure.com
Paul Nolan	020 7886 2717	paul.nolan@panmure.com

Risk Warning - Financial Scams

We have been made aware that a number of existing shareholders and those of other VCTs have been contacted in connection with fraudulent financial scams. In these instances, shareholders have received unsolicited phone calls from persons claiming to work for a corporate finance firm, offering to buy shareholder's VCT shares at an inflated price in connection with a possible take-over of the VCT and asking shareholders to sign a non-disclosure agreement.

The claims made are false and are invariably an attempt to obtain confidential personal information from shareholders with a view to fraudulently extract money from them.

Shareholders are warned to be very suspicious if they receive any similar type of communication and we would recommend that you do not respond with any personal information.

If you are in any doubt, we recommend that you seek professional financial advice before taking any action. You can also call Seneca Partners Limited on 01942 295 981 if you wish to check that any correspondence or communication you receive from the Company is genuine.

Notification of change of address

Communications with shareholders are mailed to the registered address held on the share register unless shareholders have agreed to be contacted via e-mail. In the event of a change of address or other amendment this should be notified to Neville Registrars, under the signature of the registered holder.

Other information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Company's website at www.senecavct.co.uk, and in line with current trends all future communications will also be made available there. The Company has introduced e-communication for its shareholders and in line with these objectives, the Company will not be printing the Half-yearly Reports in the future but will instead provide an electronic version made available on the Company's website www.senecavct.co.uk. We continue to encourage all of our investors to switch to receiving updates from the Company via e-mail and documents in soft copy. This enables you to receive documents more quickly and has the added benefits of being more environmentally friendly and reducing printing and postage costs.

Should you wish to switch to e-mail communication and documents in the future by e-mail, please contact our Registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, e-mail info@nevilleregistrars.co.uk, or phone 0121 585 1131. Please also contact them for any other queries related to your shareholding in the Company.

Directors and Advisers

Board of Directors	John Hustler (Chair) Alex Clarkson Richard Manley Richard Roth
Company Number	Registered in England & Wales No 04221489
Secretary and Registered Office	ISCA Administration Services Limited 9 The Parks Haydock WA12 0JQ
Investment Manager and Administration Manager	Seneca Partners Limited 9 The Parks Haydock WA12 0JQ Tel: 01942 271746
Corporate Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF Tel: 020 7886 2500
Sponsor	SPARK Advisory Partners Limited 5 St. John's Lane London EC1M 4BH
Solicitors	Hill Dickinson LLP 50 Fountain Street Manchester M2 2AS
Independent Auditor	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX
VCT Tax Adviser	Shoosmiths LLP No. 1 Bow Churchyard London EC4M 9DQA
Bankers	The Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD Tel: 0121 585 1131
Depositary	Thompson Taraz Depositary Limited 47 Park Lane London W1K 1PR

Notice of Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 11:00 a.m. on Thursday, 18 May 2023 at the Company's registered address 9 The Parks, Haydock, WA12 0JQ.

For any shareholders wishing to attend the AGM this year in person, we request that you please inform us in advance by e-mailing enquiries@senecavct.co.uk so that we may register your attendance with the facilities manager in order to issue you with the appropriate attendance pass. For those unable to attend, we will be hosting our bi-annual shareholder update presentation with a question and answer (Q&A) session included, starting at 2:00 p.m. on 10 May 2023. Shareholders should note that only the formal business set out in the notice of AGM will be considered at the AGM and we encourage shareholders to attend the presentation and ask questions prior to the AGM. Further details about the shareholder update presentation can be found on the Company's website at www.senecavct.co.uk/may-2023-shareholder-presentation.

We strongly encourage shareholders to vote on the matters of business through the completion of a proxy form, which can be submitted to the Company's Registrar. Proxy forms should be completed and returned in accordance with the instructions thereon and the latest time for the receipt of proxy forms is 11:00 a.m. on 16 May 2023. Proxy votes can also be submitted by CREST where shares are so held.

Richard Roth has informed the Board that he will not be seeking re-election and will therefore retire from the Board at the conclusion of the meeting.

Resolutions 1 to 7 (inclusive) will be proposed as Ordinary Resolutions and resolutions 8 to 11 (inclusive) will be proposed as Special Resolutions.

Ordinary Business

To consider and if thought fit, pass the following as Ordinary Resolutions:

1. THAT the Directors' Annual Report and Financial Statements and the auditors' report thereon for the year ended 31 December 2022 be received.
2. THAT the Directors' Remuneration Report in respect of the year ended 31 December 2022 (as set out in the Annual Report and Financial Statements for the same) be approved.
3. THAT John Hustler be re-elected as a Director of the Company.
4. THAT Richard Manley be re-elected as a Director of the Company.
5. THAT Alex Clarkson be re-elected as a Director of the Company.

Biographical details for each Director and their individual contributions to the Company towards its long-term sustainable success can be found on page 40 of the Annual Report.

6. THAT Hazlewoods LLP be re-appointed as auditor of the Company until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the shareholders and THAT the Directors be authorised to determine their remuneration.

Special Business

To consider and if thought fit, pass the following as an Ordinary Resolution:

7. AUTHORITY TO ALLOT RELEVANT SECURITIES

   THAT, in addition to existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot:

   1. B ordinary shares of 1p each in the capital of Company ("B shares") up to an aggregate nominal amount of £350,000 in connection with offer(s) for subscription;

2. B shares for cash and otherwise than pursuant to sub-paragraph 1. above, up to an aggregate nominal amount of £100,000; and
3. ordinary shares of 1p each in the capital of Company ("Ordinary Shares") for cash, up to an aggregate nominal amount of £4,058

provided that this authority shall expire at the later of the conclusion of the Company's next Annual General Meeting following the passing of this resolution and the expiry of 15 months from the passing of this resolution (unless previously revoked, varied or extended by the Company in a general meeting) but so that such authority shall allow the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority and the Directors shall be entitled to allot shares pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

To consider and if thought fit, pass the following as a Special Resolution:

8. AUTHORITY TO PURCHASE RELEVANT SECURITIES

THAT the Company be and is hereby generally and unconditionally authorised within the meaning of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of B shares provided that:

1. the maximum number of B shares hereby authorised to be purchased is an amount equal to 14.99% of the issued B share capital of the Company from time to time;
2. the minimum price which may be paid for a B share is 1 pence per share, the nominal amount thereof;
3. the maximum price which may be paid for a B share is an amount equal to the higher of:
    1. 105% of the average of the middle market prices shown in the quotations for a B share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased; and
    2. the amount stipulated by Article 5(6) of Market Abuse Regulation (596/2014/EU) (as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018);
4. the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the Company's next Annual General Meeting following the passing of this resolution and the date which is 15 months after the date on which this resolution is passed; and
5. the Company may make a contract or contracts to purchase its own B 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 its own B shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following as a Special Resolution:

9. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

THAT, in addition to existing authorities, the Directors pursuant to section 570(1) of the Act be and are hereby empowered to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority referred to in Resolution 7 as if section 561(1) of the Act did not apply to any such allotments and so that:

1. reference to allotment in this resolution shall be construed in accordance with section 560(2) of the Act; and
2. the power conferred by this resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power,

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

To consider and, if thought fit, pass the following as a Special Resolution:

10. CANCELLATION OF THE SHARE PREMIUM ACCOUNT

THAT, the amounts standing to the credit of the share premium account of the Company and the capital redemption reserve of the Company, as at the date an order is made confirming such cancellation by the Court, be and is hereby cancelled.

To consider and, if thought fit, pass the following as a Special Resolution:

11. ALTERATION TO THE ARTICLES OF ASSOCIATION

THAT with effect from the conclusion of the meeting the draft articles of association produced to the meeting and, for the purposes of identification, initialled by the Chair be amended in paragraph 102, line 2 by replacing “£100,000” with “£150,000” in respect of the maximum aggregate fees payable to Directors per annum and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Company’s existing Articles of Association.

By order of the Board
ISCA Administration Services Limited
Company Secretary
20 April 2023

Registered Office:
9 The Parks
Haydock
WA12 0JQ

Notes

i. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting (and the number of votes that may be cast thereat), will be determined by reference to the Register of Members of the Company at the close of business on the day which is two days before the day of the meeting or of the adjourned meeting. Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

ii. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the appointer. Details of how to appoint the chair of the meeting or another person as a proxy using the Form of Proxy are set out in the notes on the Form of Proxy. If the member wishes his or her proxy to speak on their behalf at the meeting then the member will need to appoint their own choice of proxy (not the chair) and give their instructions directly to the proxy.

iii. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, a member may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Neville Registrars Limited, on 0121 858 1131 to request additional copies of the proxy form. For legal reasons Neville Registrars Limited will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. The member will need to indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as proxy, and will also need to indicate on the form (by ticking the box provided) if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

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

v. The statement of the rights of members in relation to the appointment of proxies in paragraphs (ii) to (iii) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

vi. If the recipient of this document has been nominated to receive general shareholder communications directly from the Company, it is important to remember that the member's main contact in terms of their investment remains as it was (being the registered shareholder, or perhaps custodian or broker, who administers the investment on their behalf). Therefore, any changes or queries relating to a member's personal details and holding (including any administration thereof) must continue to be directed to that member's existing contact at their investment manager or custodian. The Company cannot guarantee that it will deal with any matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to a member directly for a response.

vii. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). 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 made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (CREST ID 7RA11) by 11:00 a.m. on 16 May 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his 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 providers 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.

viii. A reply-paid Form of Proxy or a reply-paid envelope is enclosed with this document if received by post. To be valid, the enclosed Form of Proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD to be received not later than 11:00 a.m. on 16 May 2023 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

ix. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. A member can only appoint a proxy using the procedure set out in these notes and the notes to the Form of Proxy.

x. As at 19 April 2023 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 8,115,376 Ordinary shares and 19,983,370 B shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 19 April 2023 was 28,098,746.

xi. Copies of the Directors' letters of appointment, the Register of Directors' Interests in shares of the Company and copies of the Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

xii. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

xiii. At the meeting, shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged under section 319A of the Act to answer such questions, unless: to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website: www.senecavct.co.uk in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

xiv. Further information, including the information required by section 311A of the Act, regarding the meeting is available on the Company's website, www.senecavct.co.uk.

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9 The Parks, Haydock, WA12 0JQ

www.senecavct.co.uk