EDGE

PERFORMANCE VCT

EDGE PERFORMANCE VCT PUBLIC LIMITED COMPANY

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

Edge Performance VCT Public Limited Company
Incorporated in England and Wales
with registration number 05558025

Contents

2021

Year ended 28 February	2021 H	2021 I	2021 Total
Net assets £'000	15,838	8,638	24,476
Net asset value per Share, p	136.62	11.82	n/a
Net asset value total return per Share, p*	158.62	46.82	n/a
Investment income £'000	107	128	235
Return before tax £'000			
- Revenue	(243)	(363)	(606)
- Capital	8,119	(11,069)	(2,950)
- Total	7,876	(11,432)	(3,556)
Return per Share, p**			
- Revenue	(2.11)	(0.51)	n/a
- Capital	70.04	(15.14)	n/a
- Total	67.93	(15.65)	n/a
Dividend per Share paid or declared/recommended in respect of the year, p			
- Revenue	-	-	-
- Capital	24[1]	8.5[1]	-
- Total	24	8.5	-
Share price at end of year, p	112.50	9.00	n/a

* i.e. net asset value per share plus total dividends paid per share to date. See note 17.

** i.e. return for the year over the weighted average number of shares. See note 10.

[1] Reflects (a) the interim dividend of 4.0p declared on 26 November 2020, paid on 18 December 2020 to H shareholders as shown in the Company's register of members as at 4 December 2020; (b) the interim dividend of 20.0p declared on 12 August 2021 to be paid on 27 August 2021 to H shareholders as shown in the Company's register of members as at 20 August 2021; and (c) the interim dividend of 8.5p declared on 12 August 2021 to be paid on 27 August 2021 to I shareholders as shown in the Company's register of members as at 20 August 2021.

2020

Year ended 29 February	2020 H	2020 I	2020 Total
Net assets £'000	8,426	20,081	28,507
Net asset value per Share, p	72.69	27.47	n/a
Net asset value total return per Share, p*	90.69	62.47	n/a
Investment income £'000	44	162	206
Return before tax £'000			
- Revenue	(109)	(525)	(634)
- Capital	2,940	(7,664)	(4,724)
- Total	2,831	(8,189)	(5,358)
Return per Share, p**			
- Revenue	(0.94)	(0.72)	n/a
- Capital	25.36	(10.48)	n/a
- Total	24.42	(11.20)	n/a
Dividend per Share paid or declared/recommended in respect of the year, p			
- Revenue	-	-	-
- Capital	4.0[1]	-	-
- Total	4.0	-	-
Share price at end of year, p	38.50	13.50	n/a

* i.e. net asset value per share plus total dividends paid per share to date. See note 17.

** i.e. return for the year over the weighted average number of shares. See note 10.

[1] Reflects the interim dividend of 4.0p declared on 13 December 2019, paid on 7 January 2020 to H shareholders as shown in the Company's register of members as at 13 December 2019.

Investment Policy

Investment Policy

Edge Performance VCT Public Limited Company ("Edge Performance VCT" or the "Company") was set up to offer the opportunity to invest in the entertainment and media industry in a broad range of companies (thereby diversifying risk) and seeks to allow investors to take advantage of VCT tax reliefs while combining the features described below.

The full text of the Company's investment policy can be found at https://edge.uk.com/edge-performance-funds/#governance.

H Share Fund

With the "evergreen" H Share Fund, Edge Performance VCT is seeking to achieve an annual yield for investors, growth, risk reduction and liquidity.

The Company is targeting building to a consistent tax-free annual dividend yield for investors. To align the interests of the Investment Manager, Edge Investments Limited (Edge Investments), with this objective, the Investment Manager's performance fee is payable only if cumulative dividends are at least 7p per H Share per year on average and the net asset value per H Share grows.

The Company will invest at least 80% of the H Share Fund in VCT-qualifying investments which the Company believes are capable of generating an appropriate level of growth or return.

The Company intends that the majority of any gain made from the realisation of VCT- qualifying investments will be distributed to H shareholders, to maintain and improve the H shareholders' yield, with the remaining proceeds of realisation being reinvested in further VCT-qualifying investments, in order to drive compound growth for the H shareholders.

I Share Fund

All of Edge Performance VCT's "planned exit" share classes (namely C Shares, D Shares, E Shares, F Shares, G Shares and I Shares) were consolidated into a single enlarged I Share Fund in September 2016.

Through a blend of fixed income securities, cash and near-cash, VCT-qualifying investments with a high level of underpinning and other VCT investments intended to achieve growth, the Company is looking to provide shareholders with significant capital preservation coupled with the potential for upside from the growth investments.

All of the Company's higher-underpinned VCT-qualifying investments have now been realised. The Company is therefore now seeking to maximise returns for I Shareholders within a reasonable timescale having regard to the market positions of its remaining portfolio companies.

Asset Allocation

VCT-qualifying investments will normally be made up of ordinary shares or other eligible shares (as defined under VCT rules) in the investee company, together with - wherever practicable - loan stock or other loan finance and/or preference shares.

Borrowings

Although Edge Performance VCT's articles of association allow the Company to incur borrowings to fund its operations, it currently has no intention to do so.

VCT Status and Maximum Exposures

Edge Performance VCT must be approved by HM Revenue and Customs in order to retain its venture capital trust status. The conditions which must be satisfied to retain such status include the restriction on the maximum exposure of the Company that not more than 15% by 'VCT value' of the Company's total investments can be held in a single company or group (other than a VCT). The Company will not commit more than 15% to a single company or group even in the event of an increase in the limit imposed by VCT rules.

Chairman's Statement

Overall Review

The financial results were very mixed between share classes. The overall financial results of the Company show a decrease of £4,031k in Net Asset Value ("NAV") in the year after the payment of an H share class dividend of £464k. The H share class NAV increased by £7,412k (88%) and the I share class NAV decreased by £11,443k (57%). The corresponding total return per share figures at the year-end are 158.62p for the H share class and 46.82p for the I share class. The primary causes of these share movements are considered under Investment Performance below. The Board has declared interim dividends of 20p per H share and 8.5p per I share, each with a record date of 20 August 2021 and a payment date of 27 August 2021. The sum of these dividend payments is very close to the maximum payable given the Company's distributable reserves as at 28 February 2021.

I share class

The I Share Fund is a "planned exit" fund with no reinvestment remit. The Investment Manager's strategy is to exit the remaining assets and return funds to shareholders.

- The Company's interest in Coolabi Group Limited has been realised, and the Board and Investment Manager were in agreement that, given the uncertain investment outlook and the considerable debt burden carried by Coolabi, an exit at the price achieved was in shareholders' best interests. However, primarily as a result of a write-down in the value of the Company's Coolabi holding to the disposal price that was realised for it after the year end, I shareholders suffered a 57% drop in net asset value. Your Board was disappointed with this result. The headline price achieved was some 30% below expectations, primarily as a result of COVID affecting potential buyers' M&A activities and this reduction was further compounded by the Company's position in the Coolabi disposal proceeds waterfall.
- The Company's interest in Mirriad Advertising plc will be disposed of in the near future.

Distributions

We intend to distribute the proceeds of all I share realisations as soon as practical. Following the sale of Coolabi, the Board has declared an interim dividend of 8.5p per I share, payable on 27 August 2021. This dividend represents a return to shareholders of 72% of the net asset value of the I share class as at 28 February 2021. Following the distribution of I share proceeds from the realisation of its portfolio holdings, we intend to immediately proceed with an orderly closure of the I share class.

H share class

As an "evergreen" share class, the H Share Fund has an ongoing new investment remit and new funds available for investment. The Investment Manager's strategy is to maintain growth and investment, whilst continuing to return the majority of gains to shareholders and the results of this strategy have been very positive throughout the year.

- Performance continued to be excellent in the H share class with a large proportion of the companies showing growth in the year and an overall increase in net asset value during the year of 88%.

Investment Performance

Following the very successful realisation from the H share fund of the investment in deltaDNA Limited, the fund held shares to the value of £1,772k in US-based Unity Software Inc. as well as the part of the exit realised in cash. Unity listed its shares on the New York Stock Exchange in September 2020 and the stock performed extremely well on listing and in the months since then, valuing the H share investment in Unity at £8,454k at the year-end, for a total realised and unrealised return of 13 times on the initial investment into deltaDNA of £1m.

The market for podcasting has exploded during the pandemic with the major platforms Spotify, Apple and Amazon launching and promoting new content and themselves acquiring technology and content providers. Audioboom plc is a beneficiary of this market growth and the business performed strongly, with the valuation up 115% in the last year. It has also launched its own content and IP through the Audioboom Originals series. Since the year end Audioboom has received a takeover approach.

In November 2020, Edge Creative Enterprise Fund invested into Festicket Limited and the convertible loan note held by the H share class converted into the senior class of shares benefitting from a 1.5x participating preferred return. Against a backdrop of significant COVID disruption in the live-events market, the business has reduced costs and broadened its footprint, continuing to see strong demand for tickets and events,

The H Share Fund invested £102,000 into a new portfolio company, The Dream Corporation Limited, alongside Edge Creative Enterprise Fund.

A number of new investment opportunities for the H Share Fund are being explored.

Further details of our portfolio holdings and their valuations are contained in the Investment Manager's Review.

Distributions

In December 2020, the Company paid a dividend of 4p per H share. It intends to continue to pay at a similar level in the future, supplemented by realised investment gains when appropriate.

On the strength of the results for the year and subsequent realisations to date, the Directors have declared a special interim dividend of 20p per H share, payable to H shareholders on 27 August 2021.

With the excellent performance of the H share portfolio and in particular that of Unity and Audioboom, the Investment Manager is undertaking a programme of realisations which it intends to complete around the half-year. The Board believes that it should be in a position to declare a further H share special interim dividend later in the year.

Fundraising

The Company undertook no fundraising activities in the period under review. The Manager considered such activity would be more appropriate when the exit of the I share class assets is completed and funds returned to shareholders. At that time, it expects to present a revised strategy to investors and will also have returned some of the H share performance gains to shareholders by way of special dividends.

Cost Review

The Company's most significant expenditure is on the investment management carried out by the Investment Manager, and administrative services. The revised contracts will result in cost savings to the VCT in the year ending 28 February 2022 and following years.

In securing these reductions, the Board agreed that the revised agreements would feature the removal of the costs cap for the years ending 28 February 2021 and 28 February 2022. The cost cap will be reintroduced on 1 March 2022.

Management Performance Incentive

As part of the revised investment management arrangements, there is no investment management performance incentive in respect of the I share class.

The existing investment management performance incentive in respect of the H share class has continued. H Shareholders should note that, although previously described as being well "under water", the payment of special dividends arising from the planned programme of realisations may recover all of the previous shortfall thus potentially triggering performance fees for the Investment Manager.

Annual General Meeting

An annual general meeting will be held on 31 August 2021. As this annual report will not have been posted to shareholders with sufficient notice to be considered at the annual general meeting, we intend to adjourn the meeting until later in the year.

Board Composition

Robin Goodfellow and Sir Peter Bazalgette both joined the Board during the year.

After many years of service on the Board, both Lord Flight and Sir Robin Miller stepped down from the Board during the year.

I would like to thank all of my fellow Directors for their unstinting support throughout the period.

Outlook

Edge Performance VCT is invested in a portfolio of highly regarded creative economy companies, which we expect to perform strongly in the future and in some cases even more strongly following the pandemic. The Investment Manager continues to work closely with each of these companies to ensure they have the necessary resources of funding, executives, industry experts and support to achieve their potential.

Research shows that investments made in the aftermath of economic shocks such as the one currently being experienced have the potential to offer superior returns.

The Board believes that the quality of the Investment Manager, the existing portfolio it has assembled, and the current and future new H Share Fund investment opportunities the Investment Manager has, coupled with the benefit of the co-investment arrangements will offer a bright future for investors in the Company.

As ever, I would like to thank you for your continued support of the Company.

Terry Back
Chairman

23 August 2021

The Directors and Investment Manager

Directors

The collective experience of the Investment Manager's team - which covers VCT fund management, venture capital, investment banking, corporate finance, artist management, law, accountancy, tax and deal structuring skills - is employed in the selection and management of the Company's investments.

As at the date of this report, the Company has the following Directors, all non-executive, who are responsible for overseeing investment policy and have overall responsibility for the Company's activities. The Directors are independent of the Investment Manager.

Terry Back (Chairman of Edge Performance VCT)

Terry Back is a media asset specialist and former partner-in-charge of Grant Thornton's Media and Entertainment sector group, which he founded in 1994. Terry was a member of the Grant Thornton UK non-executive board, a member of the Grant Thornton International non-executive board, and Global Head of Industries at Grant Thornton International. Having stepped down from his role at Grant Thornton, he remains a consultant to the wider media industry and a non-executive director of a number of private companies in the sector.

Sir Aubrey Brocklebank

After qualifying as a chartered accountant and following a career in corporate finance and venture capital, Aubrey assumed his first role within the VCT industry in 1997. Since then, he has gone on to become one of the most experienced Directors within the industry, having been a director of eleven VCTs (including Edge Performance VCT plc) of which he has chaired nine. Aubrey maintains a wide range of business interests and has been a Director of six AIM listed companies. He is Chairman of Downing Four VCT plc and recently stepped down as Chairman of Hargreave Hale AIM VCT plc.

Sir Peter Bazalgette (appointed 21 December 2020)

Sir Peter Bazalgette is a leading figure in the media and creative arts. Sir Peter is non-executive chair of ITV plc and chairs LoveCrafts Group Limited, an online retailer. He led an independent review into the UK's creative industries as part of the Government's Industrial Strategy. He is a non-executive board member of UK Research and Innovation (UKRI), serves on the advisory boards of BBH and YouGov plc, and is currently chair of the Baillie Gifford Non-Fiction Book Prize Trustees and president of the Crossness Engines Trust.

From 2013 until 2017 Peter was chair of Arts Council England. He was also a non-executive director of DCMS, YouGov plc, president of the Royal Television Society, and chief creative officer of Endemol where he personally devised several internationally successful formats such as Ready Steady Cook and Changing Rooms.

Robin Goodfellow (appointed 31 July 2020)

Robin Goodfellow is chairman of Oxford Technology 3 Venture Capital Trust Plc and a director of Oxford Technology Venture Capital Trust Plc, Oxford Technology 2 Venture Capital Trust Plc and Oxford Technology 4 Venture Capital Trust Plc.

Robin had 30 years of experience in senior accounting manager and internal audit manager roles with ExxonMobil International, Esso Europe, Esso Petroleum and Esso Norway. Robin has an MA in Engineering from Cambridge University and an MBA from the London Business School. More recently he has been an active investor and shareholder in VCTs, EISs and other small companies. He was previously a regular commentator on VCT industry performance and VCT company issues.

Investment Manager

The senior team of the Investment Manager is listed below:

Charles Miller Smith

(Chairman of Edge Investments and Chairman of the investment committee)

Charles is a senior business figure who has worked across a range of blue-chip businesses, in the UK and internationally. He was Finance Director of Unilever, CEO and then Chairman of ICI, Deputy Chairman and subsequently Chairman of Scottish Power, Director of HSBC Holdings plc and an international adviser at Goldman Sachs International and senior adviser to Warburg Pincus. He is currently Chairman of Pollen + Grace Limited and previously a non-executive Director of Firstsource Solutions UK Limited.

David Glick

(CEO of Edge Investments and investment committee member)

David Glick is an experienced venture capital investor focusing on the creative economy and enabling technologies. He has been involved in investing in, mentoring, and buying and selling, multi-million pound creative industries' assets.

A former solicitor, David co-founded Eatons, a leading music and entertainment law firm, in 1990; in 2000, Eatons merged with law firm Mishcon de Reya where he became head of the entertainment and media group.

David has also been both an executive and a non-executive Director of Entertainment Rights (now part of DreamWorks), the UK media business which was quoted on the Official List and which grew from a start-up to a market capitalisation of approximately £380 million.

In 2004, David formed the Edge group of companies as a specialist investment and advisory business for the creative economy, before selling the advisory business in 2011 in order to concentrate on venture capital investing.

He is the founder of Edge Performance VCT.

Simon Andrews

(Chief Investment Officer of Edge Investments and investment committee member)

Simon joined Edge in October 2020 as Chief Investment Officer, assuming responsibility for investments at the firm. Simon has a wealth of experience and knowledge of venture capital, having spent over 14 years supporting early-stage companies across a range of industries and sectors. At Edge, Simon partners closely with portfolio companies to identify and accelerate innovation and growth.

Simon previously worked at the Business Growth Fund (BGF), where he managed the full portfolio of Ventures investments. Prior to this, he spent nearly eight years at Octopus Ventures and four years at Silicon Valley Bank, advising venture-backed companies on equity and debt fundraising solutions. Simon's path to venture and growth companies included ten years as an equity research analyst at BNP Paribas, Merrill Lynch and Lehman Brothers, researching and tracking the development of software and services technology companies across Europe.

Throughout his career, Simon has been involved in driving the growth of technology and creative industry start-ups. He has invested in or been on the board of BehavioSec, The Plum Guide, Semafone, Streetbees, Swoon Editions, Token Inc., Triptease and Trouva.

Investment Manager's Review

The Investment Manager entered into a new investment management agreement with the Company on 13 May 2020, subject to shareholder approval, and at the Company's annual general meeting on 28 August 2020, the reappointment of the Investment Manager and the adoption of the new investment management agreement were approved by 98% of the votes cast (which represented 13% of the total votes available). The Investment Manager is grateful to shareholders for this vote of confidence.

The Investment Manager believes shareholders' confidence has not been misplaced.

Recognising that past performance in the I Share class was disappointing, the Investment Manager volunteered waiving all charges for managing out this share class. The Investment Manager was tasked with seeking a prompt realisation of the I Share portfolio, particularly its holding in Coolabi Group, which it has now achieved despite the difficult backdrop of the pandemic. The cash proceeds of the Coolabi realisation together with the other I share holdings is in excess of 11p per I share against a (cum div) bid price of 9p per share at the date of this review.

Under the management of the Investment Manager, the H Share Class was the best performing of all VCT's in the period under review increasing the net asset value of the H Share class from £8.4m to £15.8m. (as ranked by the Association of Investment Companies over a 1 year rolling period comparing investment companies on a share price total return percentage basis).

With H Share performance so strong, it is the Board's intention to pay dividends as outlined in the Chairman's statement and the Investment Manager is continuing its programme of realisations sufficient to pay these dividends. The strength of the H Share and the proposed dividend flows may trigger a performance fee to the Manager. The Investment Manager believes a situation where no performance fee may be earned is untenable.

In relation to the Company's "evergreen" H Share class, the Company will continue to make Qualifying Investments in the creative economy, and in particular in enabling technologies in the content creation entertainment and media sectors which the Investment Manager believes have the potential for growth, in order to generate growth and returns for shareholders.

It is intended that the majority of any gains made on realisation of the H Share Fund's Qualifying Investments will be distributed to H Shareholders, to maintain and improve the H Shareholders' yield, with the remaining proceeds of realisation being reinvested in new Qualifying Investments, in order to drive compound growth for the H Shareholders. During the period under review, the shares of Unity (H share class shareholding acquired via the sale of deltaDNA Limited to Unity Software Inc) were listed on the New York stock exchange in September 2020. At the end of February, the Manager had disposed of 1,243 shares (1.1%) of its holding in Unity Software Inc.

Whereas the H Share fund continues to make investments, the I Share fund has no reinvestment mandate. In relation to the Company's "planned exit" I Share class, the Investment Manager originally employed a "blended" investment strategy, under which the share class's VCT-qualifying portfolio entailed a mix of:

- investments in businesses with a high level of underpinning of the amount invested by the Company; and
- investments in businesses with the potential for significant growth.

The I Share class's portfolio now comprises two investments: Coolabi Group Limited and Mirriad Advertising plc. An adviser was appointed in early 2020 to explore the strategic opportunities for Coolabi, including an outright sale. That sale has now completed. It is the intention of the Board and the Manager to realise the remaining assets in, and then immediately proceed with an orderly closure of, the I Share class.

Covid-19

Edge Performance VCT's portfolio includes a number of highly regarded creative economy businesses. During the past year all were impacted to varying degrees by disruption caused by the lockdowns and change in consumption trends and spending habits. The manager took action in the early part of the year to support a number of businesses in transitioning to work from home and in some cases achieve cost reductions. This included financial support through additional rounds of funding to help them through the crisis and position to be able to flourish when demand recovers.

Most companies have started or are in the process of, reopening offices and in some cases having terminated leases and moved into new offices in preparation for opening after 19th July. Most are likely to retain a degree of flexible working and hot-desking into the future. This meets the needs and expectations of the businesses and employees but also maintains lower fixed office costs for a longer period of time.

We have been incredibly impressed by the resilience and flexibility of our portfolio companies during the crisis and their swift action, together with the support received has allowed many of them to recover well in the second half of the year. In some cases, this included reaching profitability for the first time as sales growth in the second half rebounded and cost bases remained depressed. In other cases, continued lockdowns or restrictions on gatherings and live events are having a significant impact on business operations, even as consumer demand remains extremely high for such events.

Edge Performance VCT entered this crisis with a portfolio of strong companies in a range of sectors and business models. We are confident that having weathered some of the worst conditions ever and adapted to new trading conditions, the portfolio companies will thrive. Indeed, the Manager has invested in a new portfolio company, The Dream Corporation Limited during the period. This business is satisfying the growth in demand for virtual reality experiences and is poised to open new sites in a Covid-safe manner and in retail locations which it is able to secure on favourable terms.

Dividends

It is the Company's strategy to maintain a regular annual dividend flow and distribute the majority of gains on realisations, as noted above, while being mindful of its need to retain sufficient funds to support the growth and new funding requirements of the existing portfolio and the need for the Company to meet its ongoing financial obligations.

Portfolio investments realised during the year

During the year, the Company sold 1,243 shares held in Unity Software Inc (NYSE: U) at a price of $117.81 per share. following its successful listing in September 2020 and following the acquisition of deltaDNA by Unity (as a private company in 2019). The Investment Manager is working towards achieving other exits from the portfolio during the calendar year 2021.

Portfolio investment made during the year

The Dream Corporation Limited [an Edge Creative Enterprise Fund co-investment]

Cost (£'000):	102
Valuation (£'000):	102
Basis of valuation:	Recent investment price
Equity holding (issued):	1.1%

The Dream Corporation operate a premium VR arcade called the Otherworld based in East London, which offers a range of content experiences augmented with 4D effects, and a food and beverage offer. Having proven the unit economics in their original site in East London, the Company was looking for investment to grow its footprint. Management have used the enforced close period due to Covid restrictions to secure and design two new sites both of which they intend to open in the summer of 2021.

Existing portfolio investments

Coolabi Group Limited

Cost (£'000):	17,716
Valuation (£'000):	8,366
Value movement	(11,296)
in year (£'000):	(57.5%) decrease
Basis of valuation:	Sale price
Equity holding:	49.99% of voting rights

The valuation for Coolabi is derived from indications of interest during the M&A process, applied to the distribution waterfall for proceeds. As a consequence of the capital structure of the Company, and prior ranking debt as well as the management incentive scheme implemented in 2019, all of the value for EPVCT value is now held in its debt instruments rather than the equity.

An adviser was appointed in early 2020 to explore the strategic opportunities for Coolabi including an outright sale. Despite the severe impact of the pandemic on the process, which limited the depth and breadth of the buyer universe, limiting this to European bidders, rather than the expected range of European and Asian bidders, Edge Performance VCT reached agreement to sell its shareholding in Coolabi as part of the sale of the Company. This sale was at a headline valuation of £35m, which is within the range expected at the start of the process but at the lower end of that range. This accounts for the reduction in the valuation of the Coolabi holding for EPVCT throughout 2020/21, as the valuation was revised down to the offer price and subsequently lowered again as the process completed later than forecast and value accrued to the senior note holders.

The sale of Coolabi will allow the business to take on the additional capital required to grow the business and which the current VCT investors, including Edge Performance VCT, cannot now offer under state-aid rules.

Unity Software Inc

Cost (£'000):	1,752
Valuation (£'000):	8,454
Basis of valuation:	Closing bid price (NYSE) at balance sheet date
Value movement	6,682
in year (£'000):	377.1% increase
Equity holding:	0.04%

Edge Performance VCT acquired its holding in Unity as part of the consideration for its sale of deltaDNA. San Francisco headquartered Unity is the fast-growing creator of the world's leading real-time 3D development platform for games. To date it has raised in excess of $1.4 billion from investors and boasts a shareholder register including some of the most prominent Silicon Valley investment firms. Unity listed on the NYSE at $52 per share in September 2020.

The share price reached a high in excess of $170 per share in December 2020 falling to $107 as at 28 February 2021. At the date of writing this report the price was in excess of $122.

Festicket Limited [an Edge Creative Enterprise Fund (ECEF) co-investment]

Cost (£'000):	1,272
Valuation (£'000):	2,150
Basis of valuation:	Last round of fundraising, supported by comparable valuations
Value movement	878
in year (£'000):	69% increase
Equity holding (issued):	7%

Festicket is a leading travel and ticketing platform that offers quality bookings, packages and information for festival fans worldwide and a software platform providing marketing, analytics and access control functions, among others, to festival organisers.

In November 2020, the Convertible Loan Note held by the H Share Class was converted into Festicket's equity, as part of a new €3.3m Series F fundraising led by the ECEF [with participation from Future Fund]. This converted at a €20m EV into a 1.5x participating preference share class. At the time of the original investment, Festicket was on a very rapid growth path and was already established as a significant player in the live events ticketing and travel sector. Clearly the subsequent global shutdown in 2020, as a consequence of the coronavirus pandemic, has hit businesses like Festicket hard. However, the institutional investor group in Festicket views the fundamental business as robust and with a strong management team which has taken decisive action to address the issues.

Audioboom Group plc

Cost (£'000):	750
Valuation (£'000):	1,218
Basis of valuation:	Closing bid price (AIM) at balance sheet date
Value movement	651
in year (£'000):	114.8% increase
Equity holding:	2%

Audioboom is a leading podcast distribution and monetisation platform. Edge Performance VCT has invested in two rounds of funding in Audioboom, at a blended cost of £2.65 per share. Following a strong H2 2020 for the business, the Company was on track to deliver a profit in Q1 2021. Management is forecasting a 40% uplift in revenue in 2021 and the delivery of their first full year profit. This has seen the share price rise to £4.30 at the end of February (a 62% gain for EPVCT on a blended basis). After the period in question Audioboom received an offer for the company indicatively priced at £12 per share in cash and shares, which would, if the sale proceeds, value the Company's holding at £3.4m.

Mirriad Advertising plc

Cost (£'000):	520
Valuation (£'000):	901
Basis of valuation:	Closing bid price (AIM) at balance sheet date
Value movement	728
in year (£'000):	420.8% increase
Equity holding:	0.62%

Mirriad shares performed strongly this year, closing at 52p at the year-end resulting in a significant increase in valuation when compared to the prior year, however the share price has since fallen to 31p at the date of writing this review.

The Company listed on the AIM segment of the London Stock Exchange in December 2017, raising £26.2m at a post-money valuation of £63.2m (62p per share), launched a placing in November 2020 of £23m at 40p per share and raised £3m via an open offer.

Newsflare Limited [an Edge Creative Enterprise Fund co-investment]

Cost (£'000):	150
Valuation (£'000):	435
Basis of valuation:	Revenue multiple
Value movement	56
in year (£'000):	14.8% increase
Equity holding (issued):	1.57%

Newsflare is a curator and marketplace for User Generated Video (UGV) which it sells to a range of corporate consumers including global news outlets, production companies and advertising agencies. Strategically the business has positioned itself as a leading source of curated and trusted consumer video and is starting to reap the benefits of that. Applying the valuation methodology used when the initial investment was made to current trading metrics results in a valuation of £435k, an increase of £56k since 29 February 2020.

Jungle Creations Limited [an Edge Creative Enterprise Fund co-investment]

Cost (£'000):	180
Valuation (£'000):	364
Basis of valuation:	Revenue multiple
Value movement	7
in year (£'000):	2% increase
Equity holding (issued):	0.6%

Jungle is a fast-growing online media company which owns a portfolio of media brands focusing on social media (Facebook, TikTok, Snap, YouTube and Instagram), video content and website traffic. Each brand targets different areas of interest including food, travel, pets and animals and DIY. The company performed very strongly in the second half of 2020, and while performance was challenged by the effect coronavirus had on advertising rates and corporate marketing, management has acted swiftly in response to the evolving position. It has evolved strongly from the crisis, posting £3.6m normalised EBITDA in 2020. Jungle Creations has now been valued by reference to the revenues of its three business lines and applying discounted comparable company valuation metrics.

Significant VCT-qualifying investments

The Company and the Investment Manager apply internal diversification guidelines, under which the Company will not invest more than 15% of its assets in any one investment. However, distributions to shareholders and movements in portfolio valuations can give rise to the potential for the value of a given investment subsequently to exceed 15% of the Company's assets. These factors have resulted in the Company's investments in Coolabi Group and Unity Software, based on the valuation of those holdings as at 28 February 2021, now exceeding 15% of the net assets of the Company.

Portfolio performance

As at 28 February 2021, the NAV total return per Share of each of the Share Funds stood at:

H Share Fund:

158.62p (90.69p as at 29 February 2020), an increase of 75%

I Share Fund:

46.82 (62.47p as at 29 February 2020), a decrease of 25%

Non-qualifying investments

Initially, the net proceeds of each of the Company's offers for subscription for shares are invested in various fixed income securities, cash and cash equivalent assets. Subsequently, up to 20% of each Share Fund will be maintained in such investments whilst the balance is reinvested in VCT-qualifying investments.

As at the end of the year under review, the non-qualifying liquidity portfolios were all managed in conjunction with Coutts. During the year, the return on these funds averaged 0.1%, reflecting the continuing prevailing low yield environment.

As at 28 February 2021, the value of the non-qualifying liquidity portfolio was as follows:

Share Fund	Value (£'000)
H	1,041
I	770
Total	**1,811**

Outlook

The company announced the disposal of its shareholding in Coolabi Group on 17 June 2021. The sale of its shareholding in Coolabi will be an all-cash transaction on completion and this exit represents the disposal of the last major asset in the I share class of EPVCT. Following the disposal of the Coolabi shares and the collection of proceeds, it is the intention of the Board and the Manager to realise the remaining assets in, and then immediately proceed with an orderly closure of, the I Share class.

As at the year end, the H Share fund has funds available for VCT-qualifying investments. The Company benefits from a co-investment arrangement with Edge Creative Enterprise Fund. This, together with the pipeline of quality opportunities which the Investment Manager continues to see as a consequence gives the Investment Manager confidence in the prospects for future investments.

The focus for the H Share fund continues to be identifying, selecting and making VCT-qualifying investments in the creative economy and enabling technologies, which the Investment Manager believes have the potential for profitability and growth.

The Investment Manager is also devoting significant time and resource to supporting the management teams of existing portfolio companies and using its network of experienced executives and advisors to assist portfolio company management teams. Where appropriate, subject to State aid rules, the H Share class has funds available to invest further in those portfolio companies.

Edge Investments Limited
Investment Manager

23 August 2021

Investment Portfolios
as at 28 February 2021

As at 28 February 2021, the Company's investment portfolio was as follows:

	Nature of business	Cost £'000	Valuation £'000	Basis of Valuation	Equity Holding (voting rights) %
Coolabi Group Limited	Children's content production and exploitation	17,716	8,366	Sale price	49.99
Audioboom Group plc	Digital audio content (i.e. podcasts) across multiple devices	750	1,218	Bid price	2.00
Mirriad Advertising plc	Digital product placement	520	901	Bid price	0.62
Newsflare Limited	Video distribution marketplace	150	435	Revenue multiple	1.57
Hoop Industries Limited	Children's active marketplace	-	-	Write-off	-
Jungle Creations Limited	Social media video distribution	180	364	Revenue multiple	0.60
Unity Software Inc.	Games	1,752	8,454	Bid price	0.04
Festicket Limited	Ticket and travel marketplace	1,272	2,150	Last round	7.00
Antidote Creations Limited	Producer of TV programmes in the factual genre	-	-	Write-off	-
Handmade Mobile Entertainment Limited	Mobile application development	-	-	Write-off	-
The Dream Corporation	Immersive VR developer	102	102	Recent price	1.10
		22,442	**21,990**		

The investments are allocated across the share classes as follows:

H Share Portfolio	2021 Cost £'000	2021 Valuation £'000	2021 % of net assets by value	2020 Cost £'000	2020 Valuation £'000	2020 % of net assets by value
Qualifying investments						
Coolabi Group Limited	500	300	1.9	500	706	8.4
Mirriad Advertising plc	470	845	5.3	470	163	1.9
Newsflare Limited	150	435	2.7	150	379	4.5
Audioboom Group plc	750	1,218	7.7	750	567	6.7
Antidote Creations Limited	-	-	-	45	-	-
Hoop Industries Limited	-	-	-	181	181	2.2
Jungle Creations Limited	180	364	2.3	180	357	4.2
Unity Software Inc.	1,752	8,454	53.4	1,772	1,772	21.0
Festicket Limited	1,272	2,150	13.6	1,272	1,272	15.1
The Dream Corporation	102	102	0.6	-	-	-
Total qualifying investments	**5,176**	**13,868**	**87.5**	**5,321**	**5,397**	**64.0**
Non-qualifying investments						
Coolabi Group Limited	369	114	0.7	369	266	3.2
Total non-qualifying investments	**369**	**114**	**0.7**	**369**	**266**	**3.2**
Total fixed asset investments	**5,545**	**13,982**	**88.2**	**5,689**	**5,663**	**67.2**
Net current assets		1,856	11.8		2,763	32.8
Net assets		**15,838**	**100.0**		**8,426**	**100.0**

I Share Portfolio	2021 Cost £'000	2021 Valuation £'000	2021 % of net assets by value	2020 Cost £'000	2020 Valuation £'000	2020 % of net assets by value
Qualifying investments						
Coolabi Group Limited	14,888	7,218	83.6	14,888	16,967	84.5
Handmade Mobile Entertainment Limited	-	-	-	2,000	-	-
Mirriad Advertising plc	50	56	0.6	50	10	0.1
Total qualifying investments	**14,938**	**7,274**	**84.2**	**16,938**	**16,977**	**84.6**
Non-qualifying investments						
Coolabi Group Limited	1,959	734	8.5	1,959	1,723	7.6
Total non-qualifying investments	**1,959**	**734**	**8.5**	**1,959**	**1,723**	**8.6**
Total fixed asset investments	**16,897**	**8,008**	**92.7**	**18,897**	**18,700**	**93.2**
Net current assets		630	7.3		1,381	6.8
Net assets		**8,638**	**100.0**		**20,081**	**100.0**

Income recognised in the year

Income recognised in the year was derived from debt instruments held in the following companies.

	£'000
Coolabi Group Limited	147
Festicket Limited	86
Liquidity funds	2
	235

This report has been prepared by the Directors in accordance with the requirements of Section 414C of the Companies Act 2006. The Directors consider that the annual report and accounts of the Company for the year ended 28 February 2021 as a whole is fair, balanced and understandable and provides the information necessary for the members of the Company to assess the Company's position and performance, business model and strategy.

The Company's independent auditor is required by law to report on whether the information given within the strategic report is consistent with the financial statements. The auditor's report is set out on pages 29 to 33.

Investment Strategy

Edge Performance VCT, using the skills of the Directors and the investment team of the Investment Manager who collectively have a depth of sector experience in the entertainment industry, seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns; and
- liquidity.

Further detail of the Company's investment policy is given on page 3.

The Directors do not foresee any major changes in the activity undertaken by the Company in the foreseeable future. The Company's priorities in the short and medium term are (i) continuing to satisfy the requirement under VCT rules that, in respect of funds which are three or more years old, at least 80% by value of its investments are in shares or securities comprised in VCT qualifying holdings and (ii) closely monitoring the performance of the investment portfolios with the aim of maximising their performance, and (iii) identifying suitable realisation opportunities.

Results and Dividends

A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's statement (page 4) and the Investment Manager's review (pages 8 to 11). Details of the venture capital investments made by the Company are given in the investment portfolios (pages 12 to 14) and the Investment Manager's review (pages 8 to 11). A summary of the Company's key financial measures is given on pages 1 and 2. Details of important events occurring after the balance sheet date can be found in note 19 to the financial statements, on page 55.

An interim dividend of 4p per H Share was paid on 18 December 2020 to shareholders on the register as at 4 December 2020.

The Board has declared a second interim dividend of 20p per H Share and an interim dividend of 8.5p per I Share, each with a record date of 20 August 2021 and a payment date of 27 August 2021.

The net asset value total return per Share comprises the net asset value per Share plus cumulative dividends paid per Share. Net asset value is calculated at least quarterly with investments valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. During the year under review, the Company's net asset value total returns per Share changed as shown in the table on page 11.

Over the same period, the FT All Share Media Index fell by 1.2%. Graphs comparing, for each of the Company's share classes, the Share price total return, the net asset value total return per Share and the total return from a notional investment of 100p in the FT All Share Media Index over the period from 5 April 2012 to 28 February 2021 are presented on page 24.

As shown in the Company's statement of comprehensive income on page 34, the Company's returns per share in the year ended 28 February 2021 were:

	H Share Fund	I Share Fund
Revenue return per share, pence	(2.11)	(0.51)
Capital return per share, pence	70.04	(15.14)
Total return per share, pence	67.93	(15.65)

Comparatives for year ended 29 February 2020 were:

	H Share Fund	I Share Fund
Revenue return per share, pence	(0.94)	(0.72)
Capital return per share, pence	25.36	(10.48)
Total return per share, pence	24.42	(11.20)

Principal Risks and Uncertainties

The Board has adopted a risk management programme whereby it continually identifies the principal risks faced by the Company and reviews both the nature and effectiveness of the internal controls adopted to protect the Company from such risks as far as is possible.

The Board believes that the principal risks to which the Company is exposed are:

- economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely;
- investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, taking investment decisions without having undertaken sufficiently robust due diligence, and over exposure to one investment in a portfolio;
- financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting; and
- regulatory – failure to comply with any of the regulations to which the Company is subject which include the provisions of the Companies Act 2006, the Listing Rules, applicable Accounting Standards and VCT rules.

Further information about the Company's internal controls is given in the statement of corporate governance on pages 25 to 27.

Risk management and internal control

As required by the UK Corporate Governance Code issued in July 2018 (the "UK Code") the Directors 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.

Changes in legislation

A number of changes to the VCT scheme legislation were announced in the 2017 Budget and implemented by the Finance Act 2018. The Company does not believe that these changes will have any material impact on the Company's investment activity. The 2019 Budget saw no further changes of any significance to the VCT scheme.

Total expense ratio and relevant total running costs

The total expense ratio, calculated as the year's expenses (as disclosed in the statement of comprehensive income and accounting, save for the exclusions noted below) divided by the closing net asset value for the year, was 4.17% (2020: 3.98%). Under the terms of the investment management agreement, which was approved by shareholders at the general meeting held on 28 August 2020, the cost cap was removed for a two year period so the Investment Manager will not bear any incremental running costs of the Company above a cap in the two year period from 1 March 2020 to 28 February 2022 and will no longer be entitled to recover any prior reduced fees.

Statement on long-term viability

As required by the Listing Rules, the Directors have assessed the prospects of the Company for the period to 28 February 2024 taking into account the Company's current position and principal risks, and are of the opinion that, at the time of approving the financial statements, there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over that period.

The Directors consider that for the purpose of this exercise, it is not practical or meaningful to look forward over a period of more than three years. In making their assessment, the Directors have taken into account the nature of the Company's business and investment policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of non-qualifying investments, as well as future fundraising, investment opportunities and the payment of dividends to shareholders.

Share price discount policy

The Company has a share buy-back facility, under which the price at which the Company will buy back shares will be no lower than at a 10% discount to the prevailing NAV, subject to Directors' discretion. The Company will be asking shareholders to extend the facility for the Company to purchase shares in the market for cancellation. The Directors will be reviewing the maximum discount of 10% and their previous decision to suspend the Company's share-buy-back facility until such time as the market prices and the net asset values per share of the Company's shares are sufficiently close to ensure that operation of the Company's policy would be consistent with the terms of the shareholder resolution facilitating the share buy-back scheme. Shareholders should note that if they sell their shares within five years of subscription they forfeit any tax relief obtained. Shareholders who are considering selling shares should contact The City Partnership by emailing enquiries@city.uk.com.

Environmental, social, employee and human rights issues

The Company had no employees during the year and the Company has four male non-executive Directors. The Board recognises the requirement to detail information about any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. The Company, being an externally managed investment company with no employees, has no policies in relation to social, community and human rights issues.

Greenhouse Gas Emissions

The Company does not directly or indirectly create carbon emissions by generating or purchasing electricity for its own use, being an externally managed investment company.

The Company is a low carbon user, using less than 40,000 kWh of energy in the reporting year and is therefore out of scope of the requirements detailed under the Streamlined Energy and Carbon Reporting (SECR) regulations.

Section 172 Statement – Directors' duty to promote the success of the Company

This section sets out the Company's Section 172 Statement and should be read in conjunction with the other elements of the Strategic Report. The Directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so to have regard to a number of matters including:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

As an externally managed investment company, the Company does not have employees. Its main stakeholders therefore comprise the shareholders, the Investment Manager, the portfolio companies and other service providers.

Shareholders

The Board places great importance on communication with its shareholders and encourages shareholders to attend the AGM.

Investment Manager

The Board collectively and the Directors of the Company individually meet the Investment Manager regularly both formally and informally. In addition to formal presentations to the Board at the scheduled Board meetings, the Investment Manager and the Board have ad hoc meetings to discuss fundraising, new investment activity, the Company's portfolio of investments, and the financial performance of the Company.

Portfolio companies

Management of the Company's relationship with its portfolio of investee companies is delegated to the Investment Manager under the Discretionary Investment Management Agreement. However, as noted above, the Board is regularly kept abreast of the performance of the portfolio by the Investment Manager. In particular this occurs as part of the Company's bi-annual formal valuations exercise in the course of which the Investment Manager also appraises the Board of the financial, managerial and operational performance of the portfolio companies. In the course of these discussions the Board is also able to offer the benefit of its experience to the Investment Manager.

Other service providers

At a practical level, management of the Company's relationship with its other service providers is handled by the Investment Manager under the Administrative Services Agreement. Key interactions, for example the appointment of the Company's auditors, lawyers, company secretarial service providers, are a matter for the Board and these are kept under regular review. The Board also meets directly with its auditors as part of the preparation of the Annual Report and Financial Statements of the Company.

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

Gender diversity

The Board has considered the recommendations of the UK Corporate Governance Code (the "UK Code") concerning diversity and welcomes initiatives at increasing diversity generally. The Board believes, however, that all appointments should be made on merit rather than positive discrimination. The policy of the Board is that maintaining an appropriate balance around the board table through a diverse mix of skills, experience, knowledge and background is of paramount importance and all forms of diversity are important.

Future prospects

The H Share Fund has funds available to invest in VCT-qualifying investments over the coming years. The continuing difficulties encountered by small and medium-sized businesses in securing bank financing, coupled with the Investment Manager's and Board's extensive range of contacts within the creative industries sector, mean that current deal flow is of a sufficient quality and at a sufficient level that the Investment Manager anticipates being able to invest those additional funds in suitable new VCT- qualifying investments within a relatively short period of time.

Once the I share class has been wound-up, there will be the challenges of reducing costs and raising new funds to ensure the viability of a significantly smaller company.

By order of the Board

Director, For and on behalf of
The City Partnership (UK) Limited
Company Secretary

23 August 2021

The Statement of Corporate Governance forms part of the Directors' Report.

Directors

The Directors who have served during the year under review and who continue to serve are Terry Back, Sir Peter Bazalgette, Sir Aubrey Brocklebank and Robin Goodfellow. Lord Flight and Sir Robin Miller resigned from the board on 28 August 2020 and 31 December 2020 respectively.

In accordance with the UK Corporate Governance Code all Directors are subject to annual re-election; therefore resolutions to re-elect Terry Back, Sir Aubrey Brocklebank and Robin Goodfellow will be put before the shareholders. Sir Peter Bazalgette is subject to election by shareholders as this is the first AGM following his appointment as a Director of the Company. The Directors are satisfied that all Directors' performance continues to be effective, and that they have demonstrated commitment to their roles including devoting time for meetings of the Board and relevant Board committees, and other duties, the Board therefore recommends they be re-elected as Directors.

Brief biographical information on the Directors is shown on page 6.

In accordance with the independence provisions of the Listing Rules, and in particular rule 15.2.12A, the Company should have a majority of the Board who are not also directors of another company managed by the Investment Manager. The Board fully complies with this obligation.

Share capital

The share buy-back facility was suspended during the year and no shares were bought back. See page 16 for further details.

As at 28 February 2021, the issued share capital of the Company was as follows:

Share Class	Number of Shares in issue	% of total issued share capital
H	11,592,430	13.7
I	73,103,650	86.3
Total	**84,696,080**	**100.0**

The rights and obligations attached to the Company's H and I shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The Company may by special resolution make amendment to the Company's Articles of Association. The Company has two classes of shares, H and I shares, which carry no right to fixed income. At a general meeting of the Company, every shareholder has one vote on a show of hands, and on a poll, one vote for each share held. On a winding-up or return of capital, the assets of the Company attributable to a particular share class shall be distributed rateably among shareholders according to the number of shares held in that class. There are no restrictions on the voting rights attaching to the Company's shares or the transfer of securities in the Company. No securities carry special rights with regard to control of the Company. There are no agreements between holders of securities that are known to the Company that may result in restrictions on the transfer of securities or on voting rights. The Company has no employees therefore there is no employee share scheme. There are no agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

Investment management agreement

On 8 November 2013, the Company entered into an investment management agreement with the Investment Manager. The appointment is for an initial period ended on 11 April 2018 (ending on 11 April 2019 in respect only of the H Share Fund) and may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

Under the terms of the investment management agreement, the Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the I Shares, plus VAT (if applicable); (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares plus VAT (if applicable); and (c) a performance fee which is outlined in more detail below.

Unless otherwise agreed from time to time between the Company and the Investment Manager, the Investment Manager will be responsible for external costs, such as legal and accounting fees, incurred in relation to the negotiation and (if applicable) completion of all VCT-qualifying investments. The Investment Manager retains the right to charge arrangement, monitoring, syndication, exit and directors' fees to the businesses in which the Company invests. Such charges are in line with industry practice and the arrangement fees typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Investment Manager will normally nominate one of its directors to act as a director of each investee company.

In August 2016, the Board announced that it would, in due course, undertake a wider review of the Company's future performance and consider implementing an alternative performance incentive fee scheme in respect of the I Share Fund, if appropriate. An alternative scheme was put to I shareholders at a class meeting in July 2018; although a majority of those voting were in favour, the scheme failed to attract the high threshold required for a special resolution. As at the date of this report, therefore, there is no performance incentive fee scheme in place in respect of the I Shares, although the Company and the Investment Manager are required to act in good faith and use all reasonable endeavours to agree alternative arrangements which would become effective only if approved by the Company's shareholders.

In respect of the H Shares, once and for so long as cumulative dividends paid or declared equal or exceed an average of 7p per H Share per annum, the Investment Manager will receive an annual performance fee equal to 19% of the net asset value per H Share in excess of £1.00. Once and for so long as cumulative dividends paid or declared equal or exceed an average of 14p per H Share per annum, the Investment Manager will receive an annual performance fee equal to 29% of the net asset value per H Share in excess of £1.00. That calculation will be made on a six-monthly basis, by reference to the Company's published annual report and financial statements and the Company's published half-yearly financial statements.

In respect of share buy-backs undertaken in relation to some, but not all, shareholders, the Investment Manager will be entitled to a performance fee in respect of such distributions, to the extent that the proceeds of those buy-backs results in the cumulative amount paid to the relevant shareholders exceeding an applicable hurdle or threshold as set out above.

The performance fees described above are to be paid in cash and can be assigned by the Investment Manager to some or all of its investment team.

On 13 May 2020, the Company and the Investment Manager entered into a new investment management agreement, which was approved by shareholders at the general meeting held on 28 August 2020. The provisions of that new investment management agreement are the same as the 2013 investment management agreement (as subsequently amended) except as follows:

1. The term of the new investment management agreement commenced on 13 May 2020 and will continue until the first financial year end date which falls more than 12 months after either the Company or the Investment Manager serves notice of termination on the other.
2. For the Company's financial year ending 28 February 2022 and all subsequent financial years, the Investment Manager will not be entitled to an annual management fee in respect of the I Share class.
3. The Investment Manager will not be entitled to a performance fee in respect of the I Share class.
4. In relation to the Company's financial year ending 28 February 2021 and subsequent financial years, the Investment Manager may not bear any of the Company's running costs but will no longer be entitled to reimbursement of excess cost payments made by the Investment Manager in relation to any past year.
5. A costs cap of 3.5% of the year's closing net asset value will be re-introduced in the Company's financial year ending on 28 February 2023 or, if earlier, in any financial year in which the Company hereafter makes an H share offer where the aggregate net offer proceeds of such H share offer increase the audited H share net asset value, calculated as at the end of that financial year, by three million pounds (£3,000,000) or more over eight million four hundred and twenty six thousand and fifty three pounds (£8,426,053), being the audited H share net asset value as at 29 February 2020.

Administrative services agreement

On 18 February 2013, the Company entered into an administrative services agreement with the Investment Manager, under which the Investment Manager has agreed to provide administrative services to the Company. Under this agreement, the Investment Manager will receive a fixed fee of £275,000 per annum (plus VAT, if applicable), such fee to be adjusted annually by reference to the movement in the Retail Prices Index in the second and subsequent years of the appointment. The appointment is for an initial period ending on 11 April 2018 and may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

On 13 May 2020, the Company entered into a new administrative services agreement with Lupfaw 318 Limited, trading as Fund Administration Services ("FAS"). The new agreement was approved by shareholders at the general meeting held on 28 August 2020 and will replace the existing administrative services agreement with effect from 1 March 2021. The provisions of that administrative services management agreement are the same as the existing administrative services agreement except as follows:

1. The term of the new administrative services agreement will commence on 1 March 2021 and will continue until the first financial year end date which falls more than 12 months after either the Company or FAS serves notice of termination on the other.
2. The annual fee will be £50,000 (plus VAT, if applicable), with no adjustment by reference to the movement in the Retail Prices Index.

Investment Manager's engagement

The Board is responsible to shareholders for the proper management of the Company and for determining the Company's investment policy. Investment and divestment opportunities are originated, negotiated and decided on by the Investment Manager. Company secretarial and accountancy services are provided to the Company by The City Partnership (UK) Limited.

In reviewing the work of the Investment Manager, the Board looks to be satisfied that:

- the Company's investment policy is being followed;
- each investment or divestment decision is subjected to rigorous due diligence;
- risk is further mitigated by investing across a sufficiently diverse range of businesses and by maintaining a balance between equity and loan stock exposure; and
- the portfolio will meet the HMRC VCT conditions.

Based on that review, the Board is of the opinion that the continued appointment of the Investment Manager on the terms described above is in the interests of the Company's shareholders as a whole.

In consideration of the Company's financial performance, the Board, taking account of the comparatively long term nature of the Company's investments, pays particular attention to net asset value total return per Share, total expense ratio and performance against the FT All Share Media Index (which is considered to be the most appropriate broad equity market index for comparative purposes).

Annual running costs

As noted above, under a new investment management agreement approved by shareholders at the general meeting held on 28 August 2020, the Investment Manager may not bear any of the Company's running costs in respect of the financial year ending 28 February 2021 or 2022; the Investment Manager will, however, no longer be entitled to be reimbursed any excess running cost contribution made by the Investment Manager in relation to any past financial year.

Under the terms of the new investment management agreement, the running costs of the Company which are provided for in an annual budget approved by both the Board and the Manager (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.5% of the net asset value of the Company. A running tally is kept and any excess will reduce the amount of the Annual Management Fee for the next following financial year; in any years where there is no excess the Investment Manager is entitled to recover any prior reduced fees. For these purposes, annual running costs of the Company include, amongst other things, the annual management fees described above, the administrative services fee described above, Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with shareholders, but exclude irrecoverable VAT, trail commission payable to financial intermediaries, the Investment Manager's performance fee described above and the cost of significant corporate activity.

Global greenhouse gas emissions

The Company has no direct greenhouse gas emissions to report from its operations, being an externally managed investment company.

Substantial shareholdings

So far as the Company is aware, as at 28 February 2021 and as at the date of this report, the only persons who, directly or indirectly, have an interest of 3% or more of the Company's issued share capital or voting rights are set out below:

H Shares

Name	Shares held as at 28 February 2021	% of issued Shares as at 28 February 2021	Shares held as at the date of this report	% of issued Shares as at the date of this report
Hargreaves Lansdown (Nominees) Limited	426,199	3.68	437,479	3.77

I Shares

Name	Shares held as at 28 February 2021	% of issued Shares as at 28 February 2021	Shares held as at the date of this report	% of issued Shares as at the date of this report
Hargreaves Lansdown (Nominees) Limited	3,372,237	4.61	2,128,330	2.91
Luna Nominees Limited	6,865,701	9.39	6,810,265	9.32
UBS Private Banking Nominees Limited	4,769,464	6.66	4,671,893	6.39
CGWL Nominees Limited	4,285,885	5.86	4,209,032	5.76

Accountability and audit

The statement of Directors' responsibilities is set out on page 28 of this report. The independent auditor's report is set out on pages 29 to 33 of this report. The Directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are aware there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

UHY Hacker Young has expressed its willingness to continue in office as auditor to the Company and resolutions proposing the re-appointment of UHY Hacker Young and authorising the Directors to determine the remuneration for the ensuring year are included in the Notice of annual general meeting.

2021 Annual General Meeting

The Company's 2021 AGM will be held on 31 August 2021.

By Order of the Board

Director, For and on behalf of
The City Partnership (UK) Limited
Company Secretary

23 August 2021

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and The Large and Medium sized Company and Groups (Accounts and Reports) (Amendments) Regulations 2013 (the "Regulations"). An ordinary resolution for the approval of the Directors' Remuneration Report is included in the Notice of the Annual General Meeting.

The Company's auditor, UHY Hacker Young, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Its report is set out on pages 29 to 33.

Annual statement from the Chairman of the Company

There have been no changes to Directors' remuneration in the year to 28 February 2021, the Directors' fees have been set at the same level since November 2010. However, with the changes in the chairmen of both the Board and the Company's audit committee, different Directors received the additional fees for chairing the Board and the Company's audit committee during the year ended 29 February 2020. Directors' fees are reviewed annually and are set by the Board to attract individuals with the appropriate range of skills and experience. In determining the level of fees their duties and responsibilities are considered, together with the level of time commitment required in preparing for and attending meetings. The remit of the remuneration committee is included in the statement of corporate governance on pages 25 to 27.

The Board carried out a performance evaluation of the Board, committees and individual Directors during the year. Due to the size of the Company, the fact that the majority of the Directors are independent non-executive Directors and the costs involved, external facilitators are not used in the evaluation of the Board. All Directors contribute fully to discussion in an open, constructive and objective way. The size and composition of the Board and its committees are considered adequate for the governance of the Company.

Remuneration committee

During the year under review, the members of the Company's remuneration committee, a fully constituted board committee, were Robin Goodfellow, Terry Back and Sir Peter Bazalgette. The committee's primary function is to determine each Director's remuneration. The committee did not meet in the year ended 28 February 2021. The committee has not received any advice or services from any person in respect of the Directors' remuneration during the year under review.

Directors' remuneration policy

The remuneration committee considers that Directors' fees should reflect the time commitment required and the high level of responsibility borne by Directors and should be broadly comparable to the fees paid by similar companies.

At a general meeting held on 24 November 2010, it was resolved that the maximum aggregate amount which may be paid out of the funds of the Company as fees to Directors of the Company who are not managing or executive Directors is:

- in respect of the Company's financial year ending 28 February 2011, £110,000 (exclusive of VAT); and
- in respect of each subsequent accounting period of the Company, the maximum amount applicable to the immediately preceding accounting period of the Company, increased by the percentage increase (if any) during such preceding accounting period in the general index of retail prices for all the items (RP02) published by the Office for National Statistics (exclusive of VAT).

The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

This policy was approved by the members at the 2020 AGM. In accordance with the Regulations, an ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

Directors' annual report on remuneration

All of the Directors are non-executive and therefore there is no Chief Executive Officer ("CEO"). The Company does not have any employees. In the absence of a CEO or employees, there is no CEO or employee information to disclose.

Terms of appointment

In accordance with Corporate Governance best practice all Directors shall retire and be subject to re-election annually. None of the Directors has a service contract with the Company. On being appointed, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the Company on the expiry of six months' notice in writing given by the Director or the Company, as the case may be.

Directors' fees for the year (audited)

The fees payable to individual Directors in respect of the year ended 28 February 2021 are shown in the table below (net of VAT & employer's National Insurance contributions). Sir Robin Miller's fees were paid to Robin Miller Consultants Limited in consideration for his services.

Director	Total fee paid for year ended 28 February 2021 £	Annual fee £	Total fee paid for year ended 29 February 2020 £	Annual fee £
Terry Back (chairman)	20,000	20,000	18,800	20,000[1]
Sir Peter Bazalgette[2]	3,360	17,500	-	-
Sir Aubrey Brocklebank[3]	15,285	15,000	5,200	15,000
Robin Goodfellow[4]	8,715	15,000	-	-
Sir Robin Miller[5]	12,585	-	16,900	15,000
David Glick[6]	-	-	7,400	15,000
Lord Flight[7]	8,645	-	15,500	17,500[3]

[1] Terry Back's annual fee increased on 29 August 2019 on appointment as Chairman of the Board
[2] Sir Peter Bazalgette joined the Board on 21 December 2020
[3] Sir Aubrey Brocklebank joined the Board on 11 November 2019
[4] Robin Goodfellow joined the Board on 31 July 2020
[5] Sir Robin Miller's annual fee decreased on 29 August 2019 on resignation as Chairman of the Board and he resigned from the Board on 31 December 2020
[6] David Glick resigned from the Board on 28 August 2019
[7] Lord Flight's annual fee increased on 23 September 2019 on appointment as Chairman of the Audit Committee and he resigned from the Board on 28 August 2019.

No taxable benefits were paid to the Directors, no pension related benefits were paid to the Directors and no money or other assets were received or receivable to the Directors for the relevant financial year. No payments were made to past Directors or any payments made for loss of office. There is no comparative information in respect of employee remuneration as the Company has no employees.

Relative importance of spend on pay

The table below shows the remuneration paid to Directors and shareholder distributions in the year to 28 February 2021 and the prior year:

	Percentage increase/ (decrease)	2021 £'000	2020 £'000
Total dividend paid to shareholders	0	464	464
Total Directors' fees	8.5%	69.2	63.8

Directors' shareholdings

The interests of the current Directors and their connected persons in the share capital of the Company as at 28 February 2021 are shown below.

	No of H Shares as at 28 February 2021	Percentage holding %	No of I Shares as at 28 February 2021	Percentage holding %
Terry Back	23,285	0.2	64,344	<0.1
Sir Peter Bazalgette	-	-	24,637	<0.1
Sir Aubrey Brocklebank	17,390	0.2	27,777	<0.1
Robin Goodfellow	52,000	0.3	140,625	<0.1

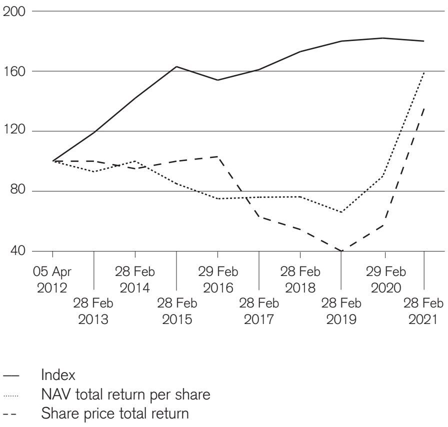
The H and I Shares shown above as held by Robin Goodfellow include 20,000 H shares and 77,744 I Shares held by his wife, Carol Goodfellow.

There have been no changes in the holdings of the Directors between 28 February 2021 and the date of this report. The Company has not set out any formal requirements or guidelines for a Director to own shares in the Company.

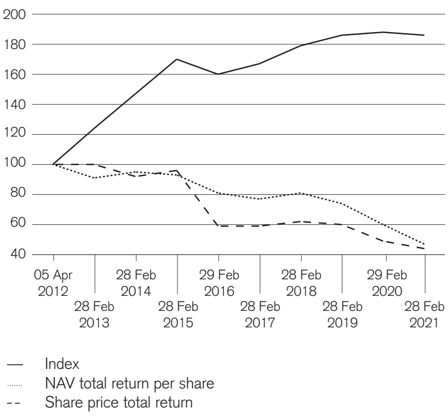
Company Performance

The graphs below compare the share price total returns for the H and I Shares and the net asset value total returns per share for the H and I Shares with the total returns from a notional investment of 100p in the FT All Share Media Index over the same periods. This index is considered to be the most appropriate broad equity market index for comparative purposes.

H share graph



I share graph



At the last AGM held on 28 August 2020, of those who voted, 93% voted for, 7% voted against and 356,926 shares were withheld in respect of the resolution approving the Directors' Remuneration Report and 93% voted for, 7% voted against and 284,903 shares were withheld in respect of the resolution approving the Directors' remuneration policy. An ordinary resolution for the approval of the Directors' Remuneration Report is included in the Notice of AGM.

By order of the Board

Director, For and on behalf of
The City Partnership (UK) Limited
Company Secretary

23 August 2021

Statement of Corporate Governance

This statement forms part of the Directors' Report.

Statement of compliance

The Directors confirm that the Company has taken appropriate action to enable it to comply with the principles of the UK Code which is publicly available from the following website https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code. As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the UK Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the UK Code were complied with throughout the period ended 28 February 2021.

All Directors have rolling term appointments with a six month notice period. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to the Investment Manager and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive Director. When a new Director is appointed, he or she is offered an induction programme arranged with the Investment Manager.

Board of Directors

The Company has a board of four non-executive Directors, all of whom are considered to be independent. The Company has no employees.

The Directors' appointment letters are dated with effect from 17 August 2017, 11 November 2019, 31 July 2020 and 21 December 2020. The Board does not believe that length of service will necessarily compromise the independence or effectiveness of Directors and no limit has been placed on the overall length of service. The Board considers that such continuity and experience can be of significant benefit to the Company and its shareholders. However, in accordance with the UK Code all Directors are subject to annual re-election. All Directors will stand for re-election in 2021.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Company's solicitors, the Company's VCT status adviser, the company secretary and the Investment Manager. The Board has direct access to corporate governance advice and compliance services through the company secretary, who is responsible for ensuring that Board procedures are followed and compliance requirements are met.

All Directors may take independent professional advice in furtherance of their duties as necessary. Any newly appointed Director will be given a comprehensive introduction to the Company's business including meeting the Company's advisers. When Directors have concerns that cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in a board minute. On resignation, a Director who has any such concerns is encouraged to provide a written statement to the Chairman, for circulation to the Board. The Board is responsible to shareholders for the proper management of the Company and aims to meet at least quarterly. It has formally adopted a schedule of matters which must be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. The chairman together with the company secretary establishes the agenda for each board meeting and all necessary papers are distributed in advance of the meetings. The Board considers all matters not included within the remits of the board committees.

All the Directors are equally responsible for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

Board committees

There are three board committees: an audit committee, a remuneration committee and a nomination committee. Copies of their terms of reference are available from the company secretary.

Audit committee

The audit committee comprises at least two independent Directors. The members of the audit committee are Sir Aubrey Brocklebank (chairman), Sir Peter Bazalgette and Robin Goodfellow. In accordance with the UK Code, at least one member of the audit committee has recent and relevant financial experience. The Board is satisfied that the Audit Committee as a whole has competence relevant to the venture capital trust sector. A quorum is two members of the committee. Written terms of reference have been constituted for the audit committee and include the following key duties:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent Directors, or by the board itself, to review the Company's internal control and risk management systems;
- to make recommendations to the board, for it to put to shareholders in a general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

During the year ended 28 February 2021, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the final annual report and financial statements, the half-yearly report and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system;
- meeting with the external auditor and reviewing its findings; and
- reviewing the performance of the Investment Manager and making recommendations to the Board.

The significant issue addressed by the audit committee in relation to the financial statements was the valuation of the Company's unquoted investments. The valuation methodologies employed by the Investment Manager were reviewed and reference was made to both the external auditor and the International Private Equity and Venture Capital Valuation Guidelines; and the valuations determined by the Investment Manager were examined against financial and performance information concerning the companies in which investments were held.

The audit committee has managed the relationship with the external auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the audit committee considered the auditor's technical knowledge and that they have a clear understanding of the business of the Company; that the audit team is appropriately resourced; that the auditor provided a clear explanation of the scope and strategy of the audit and that the auditor maintained independence and objectivity. As part of the review of auditor effectiveness and independence, UHY Hacker Young has confirmed that it is independent of the Company and has complied with applicable international standards on auditing. UHY Hacker Young has held office as auditor since 17 January 2020. In accordance with professional guidelines the engagement partner is rotated after at most five years and the current partner, Daniel Hutson, started working with the Company for the audit of the financial year ended 29 February 2020.

Remuneration Committee

This is a fully constituted board committee established primarily to determine each Director's remuneration. The committee shall comprise at least two independent Directors. The members of the committee are Robin Goodfellow, Terry Back and Sir Peter Bazalgette. A quorum is two members of the committee.

Nomination Committee

This is a fully constituted board committee established primarily to identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise and to monitor and review the effectiveness and performance of individual Directors. The committee comprises at least two members, no less than one of whom shall be an independent Director. The members of the committee are Robin Goodfellow, Terry Back and Sir Peter Bazalgette. A quorum is two members of the committee.

In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board. The Nomination Committee also considers the annual re-election of Directors. When recommending new candidates to the Board the Directors draw on their extensive business experience and range of contacts to identify suitable candidates. The use of formal advertisements and external consultants is not considered cost-effective given the size of the Company.

During the year ended 28 February 2021, there were:

- Six board meetings convened to consider general business
- Four meetings of the audit committee
- No meeting of the remuneration committee
- One meeting of the nomination committee

Attendance at Board and committee meetings

The Directors' attendance at the board meetings convened to consider general business and at committee meetings is noted below.

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Sir Robin Miller[1]	2	3	-	1
Terry Back	6	2	-	1
Sir Peter Bazalgette[2]	3	-	-	-
Sir Aubrey Brocklebank[3]	6	2	-	-
Robin Goodfellow[4]	5	2	-	-
Lord Flight[5]	1	2	-	-

[1] Sir Robin Miller resigned from the Board on 31 December 2020.
[2] Sir Peter Bazalgette was appointed to the Board on 21 December 2020.
[3] Sir Aubrey Brocklebank was appointed to the Board on 11 November 2019.
[4] Robin Goodfellow was appointed to the Board on 31 July 2020.
[5] Lord Flight resigned from the Board on 28 August 2020.

Relations with shareholders

The Board welcomes the views of shareholders and puts a premium on effective communication with the Company's members.

All written communication with shareholders is reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved. Shareholders are encouraged to attend the Company's general meetings where the Directors and representatives of the Company's advisers will be available to answer any questions members may have. The Board also communicates with shareholders through interim and annual reports which will include a Chairman's statement and an Investment Manager's report both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

Internal Control

The Board has established an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information on which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature provide only reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include regular reviews of both the financial results and investment performance.

The Board has delegated to third parties the provision of: investment management services; legal and VCT status advisory services; day-to-day accounting, company secretarial and administration services; and share registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Manager. Ad hoc reports and information are supplied to the Board as required. The Board keeps under review the terms of the agreement with the Investment Manager.

Review of Internal Control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review covers a consideration of the significant risks in each of five areas: statutory and regulatory compliance, financial reporting, investment strategy, investment performance and reputation. Each risk is considered with regard to the likelihood of occurrence, the probable impact on the Company and the controls exercised at source, through reporting and at Board level. The Board is satisfied with the effectiveness of the Company's controls.

Internal Audit

The Company does not have an independent internal audit function. Such a function is thought by the Board to be unnecessary at this time given the size of the Company and the nature of its business. However, the audit committee considers annually whether an independent internal audit function should be introduced and reports its conclusions to the Board.

Going concern

The Company's major cash flows are within the Company's control (namely investment additions and dividends) or are reasonably predictable (namely the operating expenses). The Company is able to forecast cash inflows comprising proceeds from investments to a reasonable degree. The Directors therefore believe it is appropriate to continue to apply the going concern basis in preparing the financial statements.

By order of the Board

Director, For and on behalf of
The City Partnership (UK) Limited
Company Secretary

23 August 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 judgments and estimates that are reasonable and prudent;
- state whether all 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 which 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 confirm that they have complied with these requirements.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and statement of corporate governance which comply with the law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by UHY Hacker Young LLP as independent auditor of the Company does not involve consideration of the maintenance and integrity of the website and accordingly UHY Hacker Young LLP accepts no responsibility for any changes which may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- 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 strategic 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.

Terry Back
Chairman

23 August 2021

Opinion

We have audited the Financial Statements of Edge Performance VCT Plc for the year ended 28 February 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the Financial Statements, including 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 28 February 2021 and of the Company's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to 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 statement is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

<table>
<tr><th>Evaluation of management assessment</th><th>Key observations</th></tr>
<tr><td>We evaluated the Directors' going concern assessment and performed the following procedures:
• We assessed the appropriateness of the cash flow forecasts in the context of the Company's 2021 financial performance and evaluated the Directors' sensitivities performed against this forecast.
• We evaluated the key assumptions in the forecast, which were consistent with our knowledge of the business and considered whether these were supported by the evidence we obtained.
• We compared the prior year forecast against current year actual performance to assess management's ability to forecast accurately.
• We examined and confirmed the Directors' assessment of the liquidity of the listed shares.
• We also reviewed the disclosures relating to going concern basis of preparation and found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.</td><td>At 28 February 2021, the Company held cash of £1,811,348 at bank.
The Company's cash flow forecasts to 31 August 2022 ('the going concern period') have been approved by the Board. These are prepared based on certain key assumptions, against which plausible sensitivities have been applied. These included considering further investments being made, any further shares to be issued and any further investments to be realised over the forecast period.
The forecast shows that the Company has at all times available cash and liquidity to meets its liabilities as they fall due.
Based on the audit procedures performed we concluded that the Company has appropriately adopted the going concern basis of preparation. Further, we did not identify any material disclosures that should be included regarding any material uncertainty in respect of the going concern basis of preparation.</td></tr>
</table>

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

In relation to the Company reporting on how they have applied the AIC Code of Corporate Governance (the "2019 AIC Code"), we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account an understanding of the structure of the Company, its activities, the accounting processes and controls, and the industry in which it operates. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

The audit team met and communicated regularly throughout the audit with the Audit Committee and the Investment Manager in order to ensure we had a good knowledge of the business of the Company. During the audit, we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included 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 and the management of specific risks.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. This is not a complete list of all risks identified during our audit. Going concern is a significant key audit matter and is described above. In arriving at our audit opinion above, the other key audit matters were as follows:

Key audit matters	How our audit addressed the key audit matters
Valuation of Investments and recognition of realised gains and losses The investment portfolio and associated realised and unrealised gains and losses are the key driver to the financial performance of the Company. Due to the nature of the Company's business, there is an inherent risk that if incorrectly valued this will have the greatest impact on both the Statement of Comprehensive Income and Balance Sheet. The investment portfolio at the year-end had a carrying value of £21,989,683.	Our audit work included, but was not restricted to: • For quoted shares, we tested the value of the investments by reference to market price information at the year-end. • The unquoted investment valuations include significant assumptions and judgement by management and there is inherent estimation uncertainty. We obtained an understanding of how the valuations were performed 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. Where appropriate, we have performed sensitivity analysis on the valuation calculations. Alternative valuations methods were considered and discussed with management to provide alternative views on the value of the investments.

Key audit matters	How our audit addressed the key audit matters
	Further, we also considered the economic environment in which the investments operate in to identify factors that could impact the investment valuation. • We agreed the purchase and sale of investments to supporting evidence of the transaction and cash movements on a sample basis and recalculated the realised gains and losses on the sale of investments for both the individual transactions on a sample basis and for the total portfolio. • We checked the movement in unrealised gains and losses for arithmetical accuracy and validated by reviewing the opening costs to prior year balances on a sample basis. The Company's accounting policy on fixed asset investments held at fair value through profit or loss is shown on page 40 to the Financial Statements and related disclosures are included in note 11. **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 the 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: • Review of the design and implementation of controls around the ongoing internal assessment and monitoring of VCT compliance. We obtained an understanding of the processes adopted and evidenced the work completed by the Investment Manager on documenting compliance with the key VCT rules and management's review of this on a regular basis. Further, an external VCT Adviser is employed to complete an annual assessment of the Company's compliance with the VCT Rules that is reviewed by management, a copy of which we reviewed. • Testing the eleven 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.

Materiality Measure	Company
Overall materiality	We determined materiality for the Financial Statements as a whole to be £490,000.
How we determine it	Based on a benchmark of 2% of gross assets.
Rationale for benchmarks applied	We believe 2% of gross assets to be the most appropriate benchmark, as it primarily comprises the Company's investment portfolio, which is considered to be the key driver of the Company's total return performance and forms part of the net asset value calculation being the performance measure investors use to assess the Company's performance.

Materiality Measure	Company
Performance materiality	On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the Financial Statements should be 75% of materiality, and was set at £367,500.
Specific materiality	We also determine a lower level of specific materiality for certain areas such as Director's remuneration. Area materiality for the disclosure of the cash element of Director's remuneration has been set at £2,000 and performance materiality of £1,000.
Reporting threshold	We agreed with the Audit Committee that we would report to them all misstatements over £24,500 (5% of overall materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Company's Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 27;
- Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 16;
- Directors' statement on fair, balanced and understandable set out on page 15;

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 16;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 16; and
- The section describing the work of the Audit Committee set out on page 26.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, 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.

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:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company which were contrary to applicable laws and regulations including fraud and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the preparation of the Financial Statements such as the Companies Act 2006 and the HMRC VCT Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to inflated investment valuations and unrealised gains and losses.

Audit procedures performed included: review of the Financial Statement disclosures to underlying supporting documentation, review of correspondence with legal advisors, and enquiries of management in so far as they related to the Financial Statements, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by Edge Performance VCT Plc to audit the Financial Statements for the year ending 29 February 2020 and subsequent financial periods. Our ongoing appointment is confirmed by shareholders annually. The period of total uninterrupted engagement is 2 years, covering the years ending 29 February 2020 to 28 February 2021.

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

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

Use of our report

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

Daniel Hutson
(Senior Statutory Auditor)

For and on behalf of
UHY Hacker Young
Chartered Accountants
Statutory Auditors

Quadrant House
4 Thomas More Square
London, E1W 1YW

23 August 2021

Statement of Comprehensive Income

for the year ended 28 February 2021

	Note	Year ended 28 February 2021 Revenue £'000	Capital £'000	Total £'000	Year ended 29 February 2020 Revenue £'000	Capital £'000	Total £'000
Losses on valuation of investments at fair value through profit or loss		-	(2,606)	(2,606)	-	(4,301)	(4,301)
Income	4	235	-	235	206	-	206
Investment Manager's fees	5	(114)	(344)	(458)	(140)	(423)	(563)
Other expenses	6	(727)	-	(727)	(700)	-	(700)
Return before tax		(606)	(2,950)	(3,556)	(634)	(4,724)	(5,358)
Tax	8	-	-	-	-	-	-
Return for the financial year		(606)	(2,950)	(3,556)	(634)	(4,724)	(5,358)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders		(606)	(2,950)	(3,556)	(634)	(4,724)	(5,358)
Return per Share							
Return per H Share	10	(2.11)p	70.04p	67.93p	(0.94)p	25.36p	24.42p
Return per I Share	10	(0.51)p	(15.14)p	(15.65)p	(0.72)p	(10.48)p	(11.20)p

The total column of this statement represents the profit and loss account of the Company. 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, securities and bank deposits.

The accompanying notes on pages 40 to 56 are an integral part of the financial statements.

Statement of Comprehensive Income

for the year ended 28 February 2021

Unaudited Non-Statutory Analysis between the H and I Share Funds

			H Share Fund			I Share Fund
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on valuation of investments at fair value through profit or loss	-	8,219	8,219	-	(10,825)	(10,825)
Income	107	-	107	128	-	128
Investment Manager's fees	(33)	(100)	(133)	(81)	(244)	(325)
Other expenses	(317)	-	(317)	(410)	-	(410)
Return before tax	(243)	8,119	7,876	(363)	(11,069)	(11,432)
Tax	-	-	-	-	-	-
Return for the financial year	(243)	8,119	7,876	(363)	(11,069)	(11,432)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders	(243)	8,119	7,876	(363)	(11,069)	(11,432)
Return per Share	(2.11)p	70.04p	67.93p	(0.51)p	(15.14)p	(15.65)p

Balance Sheet

as at 28 February 2021

Company Registration No: 05558025 (England and Wales)

	Note	As at 28 February 2021 £'000	As at 29 February 2020 £'000
Fixed assets			
Investments at fair value through profit or loss	11	21,990	24,363
Current assets			
Debtors	13	729	641
Bank deposits		1,753	3,601
Cash at bank		58	2
		2,540	**4,244**
Creditors: amounts falling due within one year	14	(54)	(100)
Net current assets		2,486	4,144
Net assets		**24,476**	**28,507**
Capital and reserves			
Called up share capital	15	8,470	8,470
Share premium account		3,319	3,330
Special reserve		44,301	44,765
Capital redemption reserve		4,115	4,115
Realised capital reserve		(33,031)	(30,543)
Unrealised capital reserve		(7,607)	(7,145)
Revenue reserves		4,909	5,515
Share capital and reserves		**24,476**	**28,507**
Net asset value per H Share, pence	17	136.62	72.69
Net asset value per I Share, pence	17	11.82	27.47

The accompanying notes on pages 40 to 56 are an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 23 August 2021 and signed on their behalf by:

Terry Back
Director

Balance Sheet
for the year ended 28 February 2021

Unaudited Non-Statutory Analysis between the H and I Share Funds
as at 28 February 2021

Company Registration No: 05558025 (England and Wales)

	H Share Fund £'000	I Share Fund £'000
Fixed assets		
Investments at fair value through profit or loss	13,982	8,008
Current assets		
Debtors	726	3
Bank deposits	(561)	2,314
Cash at bank	1,602	(1,544)
	1,767	**773**
Creditors: amounts falling due within one year	89	(143)
Net current assets	1,856	630
Net assets	**15,838**	**8,638**
Capital and reserves		
Called up share capital	1,160	7,310
Share premium account	3,259	60
Special reserve	3,458	40,843
Capital redemption reserve	-	4,115
Realised capital reserve	598	(33,629)
Unrealised capital reserve	8,066	(15,673)
Revenue reserves	(703)	5,612
Share capital and reserves	**15,838**	**8,638**
Net asset value per H Share, pence	136.62	-
Net asset value per I Share, pence	-	11.82

Statement of Changes in Equity

for the year ended 28 February 2021

	Called up equity share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £000	Capital reserve £'000	Revenue reserves £'000	Total £'000
At 1 March 2019	8,470	3,330	45,229	4,115	(32,964)	6,149	34,329
Dividends paid	-	-	(464)	-	-	-	(464)
Comprehensive income for the year	-	-	-	-	(4,724)	(634)	(5,358)
At 28 February 2020	**8,470**	**3,330**	**44,765**	**4,115**	**(37,688)**	**5,515**	**28,507**
Unpaid share capital	-	(11)	-	-	-	-	(11)
Dividends paid	-	-	(464)	-	-	-	(464)
Comprehensive income for the year	-	-	-	-	(2,950)	(606)	(3,556)
At 29 February 2021	**8,470**	**3,319**	**44,301**	**4,115**	**(40,638)**	**4,909**	**24,476**

Distributable reserves comprise: the special reserve; the revenue reserve; and capital reserves attributable to realised profits.

Called up equity share capital represents the nominal value of shares that have been issued. The 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. The special reserve was created on cancellation of the share premium account in respect of shares issued and is primarily used for the distribution of dividends. The capital redemption reserve maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It cannot be used to fund share repurchases and it is not distributable by way of dividend.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve. When an investment is sold any balance held on the capital reserve (unrealised) is transferred to the capital reserve (realised).

As at 28 February 2021, the total distributable reserves of the company are £8,572,402 (2020: £12,592,735).

Statement of Cash Flows

for the year ended 28 February 2021

	Note	Year ended 28 February 2021 £'000	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000	Year ended 29 February 2020 £'000
Cash flows from operating activities					
Loss for the year		(3,556)		(5,358)	
Adjustments for:					
Realised/unrealised losses on investments held at fair value through the profit or loss		2,606		4,301	
Accrued income		(233)		(187)	
Decrease/(increase) in other debtors and prepayments		-		(619)	
(Decrease)/increase in other creditors and accruals		(46)		10	
Cash outflow from operating activities			(1,229)		(1,853)
Tax paid		-		-	
Net cash outflow from operating activities			(1,229)		(1,853)
Cash flows from investing activities					
Sales of unquoted investments held at fair value	11	3		4,726	
Purchases of investments held at fair value		(102)		(3,050)	
Net cash (outflow)/ inflow from investing activities			(99)		1,676
Cash flows from financing activities					
Dividends paid	9	(464)		(464)	
Net cash outflow used in financing activities			(464)		(464)
Net decrease in cash			(1,792)		(641)
Reconciliation of cash and cash equivalents					
Decrease in cash			(1,792)		(641)
Opening cash and cash equivalents position			3,603		4,244
Closing cash and cash equivalents position			1,811		3,603
Cash and cash equivalents					
Bank deposits			1,753		3,601
Cash at bank			58		2
			1,811		**3,603**

The accompanying notes on pages 40 to 56 are an integral part of the financial statements.

1. General information

Edge Performance VCT Public Limited Company is a venture capital trust company domiciled in the United Kingdom and incorporated in England in 2005. The address of its registered office is 1 Marylebone High Street, London, W1U 4LZ. The ordinary shares of the Company are listed on the Premium Segment of the London Stock Exchange.

Key sources of estimation uncertainty

Many of the Company's financial instruments are measured at fair value in the balance sheet and it is usually possible to determine their fair values within a reasonable range of estimates.

Fair value is derived for the majority of the Company's financial instruments, such as unlisted securities, using valuation techniques, as recommended by International Private Equity and Venture Capital Valuation Guidelines (IPEVC) 2018. Fair value estimates are made at a specific point in time, based on information about the financial instrument and market conditions. These estimates are subjective in nature and involve uncertainties and matters of significant judgements and therefore cannot be determined with precision. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had an observable market for the investments existed. As such, the degree of judgement exercised in determining fair value is greatest for investments whose fair value cannot be determined by using observable measures such as market prices or models.

2. Statement of compliance

Basis of Accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), with the Companies Act 2006 and the 2019 Statement of Recommended Practice ('SORP') 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The Company is not an investment company as defined by section 833 of the Companies Act 2006. Investment company status was revoked by the Company in September 2007.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Going Concern

The directors have considered the effect of the Covid-19 outbreak. The directors consider that the outbreak is likely to cause a significant disruption to the Company's business but are confident that the Company can continue in operational existence as a going concern for the foreseeable future, being a period of at least, but not limited to, twelve months from the date when the financial statements are authorised for issue. The Directors have therefore adopted the going concern basis of accounting in preparing the financial statements. Further details of the Directors' reasoning and of measures taken by the Company to mitigate the effect of Covid-19 may be found on pages 27 and 8 respectively.

3. Accounting policies

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

a) Fixed asset investments

Purchases or sales of investments are recognised at the date of the transaction.

All investments are valued at fair value by the Company using methodology that is consistent with the International Private Equity and Venture Capital Valuation Guidelines (IPEVC) 2018 from time to time.

Unquoted equity investments made within the period of twelve months are held at the price of recent investments and are considered to have had no change to fair value except where there is any material change or event which has a bearing on the value of the investee company (such as, for example, a significant amount of new investment made in the investee company by a third party), in which case an appropriate revaluation is made.

Subsequently, unquoted investments will be valued by the most recent material arm's-length transaction by an unconnected third party in the shares or other securities of an investee company. In the absence of such a transaction, the investment will be valued as follows:

- Where the investee company is in the early stage of development, the investment will normally continue to be valued at recent price.
- Where the investee company is well established after one year from the date of investment, the shares or securities may be valued by applying a suitable price-earnings ratio to that company's historical post-tax earnings or, where more appropriate, to that company's earnings before interest, tax, depreciation and amortisation ("EBITDA"). The ratio used is based on a comparable listed company or sector, where available, but discounted to reflect lack of liquidity in the shares or securities concerned; where no suitable comparable listed company or sector data is available, comparable data from transactions in unquoted shares or securities may be used. Alternative methods of valuation may be applied if they are considered more appropriate, for example: a suitable ratio applied to historic revenues, forecast revenues, revenue multiple, forecast post tax earnings, forecast EBITDA or discounted projected cash flows; net asset value.
- Fixed asset loan investments are recognised at their fair value, normally determined on the basis of the expected future cash flows, discounted at the investee company's weighted cost of capital.

The value of portfolio investments at the balance sheet date was derived as follows:

	Valuation (£,000)	2021 Valuation type as % of total value	Valuation (£,000)	2020 Valuation type as % of total value
Sale price	8,366	38.0%	-	-
Earnings & revenue multiple	799	3.6%	20,398	83.7%
Bid price	10,573	48.1%	740	3.0%
Recent price/last round	2,252	10.3%	3,225	13.3%
	21,990	**100.0%**	**24,363**	**100.0%**

In accordance with the SORP, the revenue return on shares for a fixed amount and debt securities is based on the coupon payable by the instrument adjusted to spread any discount or premium on purchase or redemption over its remaining life. However, where a redemption premium is payable, the return has been adjusted so that the amount recognised in revenue is in line with reasonable commercial expectations. Any adjustment is recognised in capital within net gains and losses on investments. The amount of redemption premium recognised in revenue is in line with reasonable commercial expectations of interest chargeable on similar commercial debt.

Gains and losses arising from changes in the fair value of the investments are included as a capital item in the statement of comprehensive income for the relevant period.

The Company's interests in associates are held as part of an investment portfolio (as defined by FRS 102). They have therefore been treated in the same way as other investee companies and are measured at fair value using a consistent methodology to the rest of the Company's portfolio as permitted by the SORP.

b) Current asset investments

Investments in interest-bearing deposits are classified as current asset investments as they are investments held for the short term. Income from these investments is recognised using the effective interest method.

c) Income

Interest income on loan stock and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful. Where the terms of unquoted loan stocks only require interest or redemption premium to be paid on redemption, the interest and redemption premium is recognised once redemption is reasonably certain.

Dividends receivable on listed equity shares are recognised on the ex-dividend date.

3. Accounting policies (continued)

d) Expenses

All expenses (inclusive of VAT where appropriate) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment and with the exception that 75% of the fees payable to the Investment Manager are charged against capital. Other administrative fees and expenses are allocated between the Share Funds based on the net asset value of each Share Fund.

Direct issue costs are deducted from the share premium account.

e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

f) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

g) **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

h) **Taxation**

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of difference items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended in the SORP.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Statement of Comprehensive Income and a corresponding amount is charged against the revenue column. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

i) **Deferred tax**

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Unrelieved tax losses and other 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.

Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to retain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

4. Income

	2021 £'000	2020 £'000
Interest receivable		
- from cash and interest-bearing deposits	2	13
- from fixed asset investment loan notes	233	193
	235	**206**

5. Investment Manager's fees

	2021 £'000	2020 £'000
Edge Investments – annual management fee	**458**	**563**

The Company entered into an agreement dated 3 February 2006 with the Investment Manager, which has responsibility for the management of the Company's portfolio of investments. The agreement has been replaced with a new agreement on a number of successive occasions, most recently on 8 November 2013 (with effect from 1 March 2014). Under the terms of the agreement entered into on 8 November 2013, the Investment Manager was appointed for an initial period ending on 11 April 2018 (ended on 11 April 2019 in respect only of the H Share Fund), and continuing thereafter until terminated by either the Company or the Investment Manager, by giving no less than 12 months' notice.

On 13 May 2020, the Company and the Investment Manager concluded a new investment management agreement, which was approved by shareholders at the general meeting held on 28 August 2020. The new investment management agreement replaced the 2013 investment management agreement with effect from 13 May 2020, and the Investment Manager's appointment will continue until the Company's first accounting reference date (i.e. its year-end date) falling at least 12 months following service by either the Company or the Investment Manager of notice of termination of the appointment.

5. Investment Manager's fees (continued)

Management fees

The Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the I Shares plus VAT (if applicable), (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares plus VAT (if applicable), and (c) a performance fee which is outlined in more detail below.

The Investment Manager will be entitled to no annual management fee in relation to the I Shares with effect from 1 March 2021.

The Investment Manager will be responsible for external costs, such as legal and accounting fees, incurred on all transactions that do not proceed to completion. The Investment Manager retains the right to charge arrangement, monitoring, syndication, exit and directors' fees to the businesses in which the Company invests. Such charges are in line with industry practice and typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Investment Manager will normally nominate one of its directors to act as a director of each company.

Annual running costs of the Company will include, inter alia, the management fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the shareholders. Under the terms of the investment management agreement, the running costs of the Company which are provided for in an annual budget approved by both the Board and the Manager (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.75% of the net asset value of the Company. A running tally is kept and any excess will reduce the amount of the Annual Management Fee for the next following financial year; in any years where there is no excess the Investment Manager is entitled to recover any prior reduced fees. A costs cap of 3.5% of the year's closing net asset value will be re-introduced in the Company's financial year ending on 28 February 2023 or, if earlier, in any financial year in which the Company hereafter makes an H share offer where the aggregate net offer proceeds of such H share offer increase the audited H share net asset value, calculated as at the end of that financial year, by three million pounds (£3,000,000) or more over eight million four hundred and twenty six thousand and fifty three pounds (£8,426,053), being the audited H share net asset value as at 29 February 2020. See Note 23.

In accordance with the new investment management agreement referred to above the Investment Manager will not bear any of the Company's running costs in respect of the financial year ending 28 February 2021 or 2022; the Investment Manager will, however, no longer be entitled to be reimbursed any excess running cost contribution made by the Investment Manager in relation to any past financial year.

Performance related incentive fee

In respect of the H Shares, once and for so long as cumulative dividends paid or declared equal or exceed an average of 7p per H Share per annum, the Investment Manager will receive a performance fee equal to 19% of the net asset value per H Share in excess of £1.00. Once and for so long as cumulative dividends paid or declared equal or exceed an average of 14p per H Share per annum, the Investment Manager will receive a performance fee equal to 29% of the net asset value per H Share in excess of £1.00. That calculation will be made on a six-monthly basis, by reference to the Company's published annual report and financial statements and the Company's published half-yearly financial statements.

The performance related incentive fee arrangements in respect of the I Shares was brought to an end by the mutual agreement of the Company and the Investment Manager with effect from 31 August 2016. The Company and the Investment Manager are required to act in good faith and use all reasonable endeavours to agree alternative arrangements in relation to the I Shares. However, the new investment management agreement referred to above, approved by shareholders, will include no performance related incentive fee arrangements in respect of the I Shares, and the Company and the Investment Manager will no longer be required to agree any alternative arrangements in relation to the I Shares.

The performance fee described above is to be paid in cash and can be assigned by the Investment Manager to some or all the investment team. There was no performance fee payable in the year.

6. Other expenses

	2021 £'000	2020 £'000
Directors' remuneration (including Employers' NI)	70	65
Company secretarial & accountancy fees	59	79
Administration fees (payable to the Investment Manager)	324	317
Audit fees – for audit services	29	35
VCT status adviser fees	9	9
Printing & stationery	34	29
Legal and professional fees	57	13
Other costs	37	38
Irrecoverable VAT	108	115
	727	**700**

The Company has no employees.

7. Directors' fees

Amounts paid and payable to third parties for the services of (net of VAT):

	2021 £'000	2020 £'000
Sir Robin Miller *	12.6	16.9
David Glick*	-	7.4
Lord Flight*	8.6	15.5
Terry Back	20.0	18.8
Sir Aubrey Brocklebank**	15.3	5.2
Robin Goodfellow**	8.7	-
Sir Peter Bazalgette**	3.4	-
Employers NI	1.4	1
	70.0	**64.8**

* David Glick retired from the Board on 28 August 2019, Lord Flight retired from the Board on 28 August 2020 and Sir Robin Miller retired from the Board on 31 December 2020.

** Sir Aubrey Brocklebank joined the Board on 11 November 2019, Robin Goodfellow joined the Board on 31 July 2020 and Sir Peter Bazalgette joined the Board on 21 December 2020.

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the fee-earning Directors are non-executive, the other disclosures required by the Listing Rules are not relevant.

8. Tax on ordinary activities

a) Analysis of tax charge

	2021 £'000	2020 £'000
Revenue charge	-	-
Credited to capital return	-	-
Current and total tax charge (note (b))	-	-
Total current and prior year tax	-	-

b) Factors affecting tax charge for the year

	2021 £'000	2020 £'000
Total return before tax	(3,556)	(5,358)
Total return on ordinary activities before tax multiplied by standard rate of corporation tax of 19% (2020: 19%)	(676)	(1,018)
Effects of:		
Add: unrealised losses	88	1,525
Add: non-taxable realised losses/(gains)	407	(708)
Relieved/unrelieved capital expenses	65	80
Movement in revenue tax losses	116	121
Tax charge for year (note (a))	-	-

Tax relief relating to investment management fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a venture capital trust.

There is no potential liability to deferred tax (2020: nil). Deferred tax liabilities where material are recognised using the enacted rate of 19% (2020: 17%) as timing differences are not expected to reverse until subsequent to this change of tax rate. There is an unrecognised deferred tax asset of £1,263,184 (2020: £968,603) based on losses carried forward of £6,648,338 (2020: £5,697,667).

9. Dividends paid and proposed

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year	**464**	**464**

During the year ended 28 February 2021, the Directors approved interim dividends, based on the Company's register of members on 3 December 2020. The Dividends were paid on 18 December 2020.

The board has declared interim dividends of 20p per H share and 8.5p per I share with a record date of 20 August and a payment date of 27 August 2021.

10. Return per Share

	Revenue	Capital	2021 Total	Revenue	Capital	2020 Total
Return per H Share	(2.11)p	70.04p	67.93p	(0.94)p	25.36p	24.42p
Return per I Share	(0.51)p	(15.14)p	(15.65)p	(0.72)p	(10.48)p	(11.20)p

Basic revenue return per H Share is based on the net loss after taxation of £243k (2020: loss of £109k) and on 11,592,430 (2020: 11,592,430) H Shares, being the weighted average number of H Shares* in issue during the period from 1 March 2020 to 28 February 2021. Basic capital return per H Share is based on the net capital gain after taxation of £8,119k (2020: loss of £2,940k) and on 11,592,430 (2020: 11,592,430) H Shares, being the weighted average number of H Shares* in issue during the period from 1 March 2020 to 28 February 2021. The total return per H Share is based on the net gain after taxation of £7,876k (2020: loss of £2,831k) and on 11,592,430 (2020: 11,592,430) H Shares, being the basic revenue return per share plus capital return per share. During the year ended 28 February 2021, no H Shares were issued and thus the weighted average number of shares for the year ended 28 February 2021 represents the total number of shares issued as at 28 February 2021.

Basic revenue return per I Share is based on the net loss after taxation of £363k (2020: loss of £525k) and on 73,103,650 (2020: 73,103,650) I Shares, being the weighted average number of I Shares* in issue during the period from 1 March 2020 to 28 February 2021. Basic capital return per I Share is based on the net capital loss after taxation of £11,069k (2020: loss of £7,664k) and on 73,103,650 (2020: 73,103,650) I Shares, being the weighted average number of I Shares in issue during the period from 1 March 2020 to 28 February 2021. The total return per I Share is based on the net loss after taxation of £11,432k (2020: loss of £8,189k) and on 73,103,650 (2020: 73,103,650) I Shares, being the basic revenue return per share plus capital return per share. During the year ended 28 February 2021, no I Shares were issued and thus the weighted average number of shares for the year ended 28 February 2021 represents the total number of shares issued as at 28 February 2021.

* The weighted average number of shares is the number of shares at the beginning of the period, adjusted by the number of shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

11. Investments

Movements in investments during the year are summarised as follows:

	Venture capital Level 1 - quoted £'000	Venture capital Level 2 - unquoted £'000	Venture capital Level 3 - unquoted £'000	Venture Capital Total £'000
Book cost at 29 February 2020	1,270	-	23,316	24,586
Unrealised losses and accrued interest at 29 February 2020	(530)	-	307	(223)
Valuation at 29 February 2020	740	-	23,623	24,363
Movements in the year:				
- Purchases at cost	-	-	102	102
- Disposals – proceeds	(105)	-	(3)	(108)
- Net realised gains/ (losses)*	85	-	(2,229)	(2,144)
- Accrued interest	-	86	147	233
- Transfer at cost	1,772	1,272	(3,044)	-
Movements in unrealised gains/(losses)*	8,081	792	(9,329)	(456)
Valuation at 28 February 2021	**10,573**	**2,150**	**9,267**	**21,990**
Comprising:				
- Book cost at 28 February 2021	3,022	1,272	18,148	22,442
- Unrealised losses and accrued interest at 28 February 2021	7,551	878	(8,881)	(452)
Valuation at 28 February 2021	**10,573**	**2,150**	**9,267**	**21,990**

During the year, the following disposals of loans and shares were considered material. This generated cash and share proceeds of £108k.

	Cost (Unquoted shares) £'000	Carrying value at 1 March 2020 £'000	Net disposal proceeds £'000	Realised gain/(loss) £'000
Unity Software Inc.	20	20	105	85
Hoop Industries	181	181	3	(178)

During the year, the following changes in valuation of unquoted shares were considered material:

	Carrying value at 1 March 2020 £'000	(Decrease)/ Increase in valuation £'000	Carrying value at 28 February 2021 £'000
Coolabi Group Limited	19,662	(11,296)	8,366
Unity Software Inc.	1,772	6,682	8,454

Movements in investments during the year ended 28 February 2020 are summarised as follows:

	Venture capital Level 1 - quoted £'000	Venture capital Level 3 - unquoted £'000	Venture Capital Total £'000
Book cost at 28 February 2019	1,270	34,410	35,410
Unrealised gains, capitalised interest and accrued interest at 28 February 2019	(443)	(4,812)	(5,255)
Valuation at 28 February 2019	827	29,328	30,155
Movements in the year:			
- Purchases at cost	-	3,050	3,050
- Disposals – proceeds	-	(4,726)	(4,726)
- Net realised gains*	-	-	-
- Accrued interest	-	185	185
- Accrued interest repaid	-	-	-
Movement in unrealised gains/(losses)*	(87)	(4,214)	(4,301)
Valuation at 29 February 2020	**740**	**23,623**	**24,363**
Comprising:			
- Book cost at 29 February 2020	1,270	23,316	24,586
- Unrealised gains and accrued interest at 29 February 2020	(530)	307	(223)
Valuation at 29 February 2020	**740**	**23,623**	**24,363**

* Reconciliation of losses on valuation of investments at fair value through profit or loss:

	2021 £'000	2020 £'000
Net realised gains/(losses)	(2,144)	-
Net unrealised (losses)/gains	(462)	(4,301)
	(2,606)	**(4,301)**

During the year, the Company incurred disposal transaction costs of £nil (2020: £nil). The Company also incurred acquisition transaction costs of £nil (2020: £nil)

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using the following three level fair value measurement hierarchy:

Quoted market prices in active markets – "Level 1"

Level 1: quoted prices in active markets for identical assets that the entity can access at the measurement date. A quoted marked price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure the fair value.

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 current bid price. These instruments are included in level 1 and are classified as held at fair value through profit or loss.

11. Investments (continued)

Valued using models with observable market parameters – "Level 2"

Level 2: inputs other than quoted market prices included within level 1 that are observable, either directly or indirectly. Where quoted prices are not 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, is used to determine the fair value.

Valued using models unobservable market parameters – "Level 3"

Level 3: unobservable inputs. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available. Fair values are not traded in an active market and the fair value is determined by using valuation techniques such as recent third-party transactions, revenue multiples or earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The majority of the Company's fixed asset investments fall into this category. As detailed in note 3, unquoted investments are valued in accordance with the IPEV guidelines. The fair value of all investments is assessed by the Company and, where appropriate, a revaluation against cost is made. The basis of revaluation may be based on a revenue multiple, recent price or on latest market data. Details of the basis of revaluation are included in the Investment Manager's Review on pages 8 to 11.

There has been a transfer between these classifications in the current or comparative year. The change in fair value for the current and previous year is recognised through the statement of comprehensive income.

12. Significant interests

As at 28 February 2021, the Company held significant investments, amounting to 3% or more of the equity capital, in the following companies:

Company	Equity investment at cost (ordinary shares) £	Equity investment at cost (preference shares) £	of investee company's total equity, (voting rights) %
Coolabi Group Limited	5,882	8,107	49.99
Festicket	-	1,272	7.00

13. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Prepayments and other debtors	729	641
	729	**641**

14. Creditors: Amounts Falling Due Within One Year

	2021 £'000	2020 £'000
Other creditors and accruals	54	100
	54	**100**

15. Called-up Share Capital

Allotted, called-up and fully paid:

	Number of shares		
As at 28 February 2021:	H Shares	I Shares	Total Shares
Brought forward	11,592,430	73,103,650	84,696,080
Ordinary shares issued in the year	-	-	-
Carried forward	11,592,430	73,103,650	84,696,080

	Nominal value £'000		
As at 28 February 2021:	H Shares	I Shares	Total Shares
Brought forward	1,159	7,311	8,470
Ordinary shares issued in the year	-	-	-
Carried forward	1,159	7,311	8,470

	Number of shares		
As at 29 February 2020:	H Shares	I Shares	Total Shares
Brought forward	11,592,430	73,103,650	84,696,080
Ordinary shares issued in the year	-	-	-
Carried forward	11,592,430	73,103,650	84,696,080

	Nominal value £'000		
As at 29 February 2020:	H Shares	I Shares	Total Shares
Brought forward	1,159	7,311	8,470
Ordinary shares issued in the year	-	-	-
Carried forward	1,159	7,311	8,470

16. Reserves

Called up share capital represents the nominal value of the shares that have been issued. Share premium account includes any premiums received on issue of share capital less any transaction costs associated with the issuing of shares and any amounts transferred to the special reserve. Special reserve includes amounts transferred from the share premium account. The special reserve is distributable and is mainly used for the payment of dividends. Capital reserves include all current and prior period realised and unrealised movements in the fair value of investments and all costs which are considered capital in nature.

As at 28 February 2021, the total distributable reserves of the company are £8,572,402 (2020: £12,592,735).

17. Net asset value per Share

The net asset values per Share at the year end were as follows:

	2021 Net asset values attributable			2020 Net asset values attributable		
	Net assets	Net assets per Share	Net asset total return per share	Net assets	Net assets per share	Net asset total return per share
H Shares	£15.8m	136.62p	158.62p	£8.4m	72.69p	90.69p
I Shares	£8.6m	11.82p	46.82p	£20.1m	27.47p	62.47p

Net asset value per Share is based on net assets at the year end and on the number of shares in each class in issue at the year end, as shown in note 10.

Net asset value per H Share is based on the total net assets of £15,837,792 (2020: £8,425,052) and on 11,592,430 (2020: 11,592,430) H Shares being the total number of H Shares in issue at 28 February 2021.

Net asset value per I Share is based on the total net assets of £8,637,972 (2020: £20,082,043) and on 73,103,650 (2020: 73,103,650) I Shares being the total number of I Shares in issue at 28 February 2021.

Net asset value total return per Share is based on the net asset value per Share plus total dividends paid per share to date.

Net asset value total return per H Share is based on the net asset value per share of 136.62p (2020: 72.69p) plus total dividends per H share paid to date of 22p (2020: 18p).

Net asset value total return per I Share is based on the net asset value per share of 11.82p (2020: 27.47p) plus total dividends per I share paid to date of 35p (2020: 35p).

18. Financial instruments

The Company's principal financial instruments comprise:

- Equity and loan stock
- Cash balances and liquid resources

Investments are made in a combination of equity and loans. Surplus funds are held in a mix of current accounts and interest-bearing deposit accounts. It is not the Company's policy to trade in financial instruments or derivatives.

Fixed asset investments are valued at fair value as detailed in note 3a.

The Company held the following categories of financial instruments at 28 February 2021:

	2021 (Cost) £'000	2021 (Fair value) £'000	2020 (Cost) £'000	2020 (Fair value) £'000
Assets at fair value through profit or loss	24,487	21,990	24,586	24,363
Cash and cash equivalents	1,811	1,811	3,603	3,603
Totals	**26,298**	**23,801**	**28,189**	**27,699**

Unquoted investments account for 52% of the investment portfolio (2020: 97%). Quoted investments account for 48% of the investment portfolio (2020: 3%). The investment portfolio has a 62% (2020: 100%) concentration of risk towards small UK-based, sterling denominated companies and represents 90% (2020: 86%) of net assets at the year end.

Current asset investments are interest-bearing deposits which represent 7.4% (2020: 12.6%) of net assets at the year end.

The main risks arising from the Company's financial instruments are credit risk, market price risk, interest rate risk and liquidity risk. All assets and liabilities are denominated in sterling; hence there is no currency risk.

Credit risk

Credit risk is the risk that a counterparty will default on its obligation, resulting to a financial loss to the Company. The Investment Manager monitors credit risk on an ongoing basis. The carrying amounts of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 28 February 2021, the Company's financial assets exposed to credit risk amounted to the following:

	2021 £'000	2020 £'000
Investments in fixed rate instruments	-	-
Investments in floating rate instruments	11,775	11,775
Interest-bearing deposits	1,753	3,601
Cash at bank	58	2
Interest, dividends and other receivables	729	641

Credit risk on unquoted loan stock held within unlisted investments are considered in conjunction with the associated equity investment in the portfolio and considered to be part of market price risk as disclosed later in this note. It is estimated that if 10% of the Company's interest income for the year were not received, this would increase the loss before tax for the year of £3,556k to a loss before tax for the year of £3,580k.

The cash at bank and interest-bearing deposits held by the Company are managed by Coutts & Co. The Board monitors the Company's risk by reviewing the internal control reports of this bank. Should the credit quality or the financial position of the bank deteriorate significantly, the Investment Manager will seek to move the cash holdings to another bank.

At 28 February 2021, all loans were held at fair value. No loan is past its repayment date; nor is any interest past its payment date.

18. Financial instruments (continued)

Market price risk

The Board manages the market risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk and by ensuring full and timely access to relevant information from the Investment Manager. The Board reviews investment performance and financial results, as well as compliance with the Company's investment objectives. The Board also seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities which are sufficient to meet any funding commitments which may arise. The Company does not use derivative instruments to hedge against market risk.

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would increase the loss before tax for the year by £1.2 million and reduce the Company's net assets by the same amount.

Interest rate risk

Some of the Company's financial assets are interest-bearing, some of which are at fixed rates and some at variable rates. As a result, the Company is exposed to interest rate risk due to fluctuations in prevailing levels of market interest rates. The Board seeks to mitigate this risk through regular monitoring of the Company's interest-bearing investments. The Company does not use derivative instruments to hedge against interest rate risk. However, the effect of those interest rate changes is not materially significant.

Fixed rate

Due to the complexity of the instruments and the uncertainty surrounding time of realisation, the weighted average time for which the rate is fixed has not been calculated.

	£000	2021 Weighted average interest rate	£000	2020 Weighted average interest rate
Loan stock	-	-	-	-

Floating rate

The Company holds the majority of its cash balances in interest-bearing deposit accounts. The benchmark rate which determines the interest payments received on interest-bearing cash and cash equivalent balances is the bank base rate which was 0.1% at 28 February 2021 (2020: 0.75%).

	2021 £'000	2020 £'000
Short term loans and security deposits	2,268	2,268
Loan notes	1,400	1,400
Preference shares	8,107	8,107
Interest-bearing deposits	1,752	3,601
Cash at bank	58	2

The weighted average interest rate applied during the year was 3.3% (2020: 3.3%).

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies which the Company holds are not traded and thus are not readily realisable. At times, the Company may be unable to realise its investments at their carrying values because of an absence of willing buyers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. To counter such liquidity risk, sufficient cash and money market funds are held to meet running costs and other commitments. The Company invests its surplus funds in high quality interest-bearing deposits which are all accessible on an immediate basis.

It is estimated that should the Company have to sell 10% of its investments at only 90% of their carrying values in order to find a buyer, additional losses totalling £220k would have to be recognised. Had this happened during the year to 28 February 2021, the loss before tax for the year of £3.56 million would have increased to a loss before tax for the year of £3.78 million. Liquidity risk is mitigated by the Company's intention to complete its investment strategy and sell investments at planned intervals rather than as a matter of necessity.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, satisfy the relevant HMRC requirements and provide at least adequate returns for shareholders.

As a VCT, the Company must have, within three years of raising its capital, and must thereafter continue to have, at least 80% by value of its investments in VCT-qualifying holdings which are a relatively high-risk asset class of small UK companies. In satisfying this requirement, the Company's capital management scope is restricted. Subject to this restriction and to any further restrictions imposed by VCT rules, the Company may adjust dividends, return capital to shareholders, issue new Shares or sell assets to maintain the level of liquidity to remain a going concern.

19. Post Balance Sheet Events

Since the Company's year end, the following transactions have taken place:

- In March 2021, the Company disposed of 19,000 shares in Unity Software Inc for the sum of £1,403k.
- In June 2021, the Company disposed of 6,900 shares in Unity Software Inc for the sum of £514k.
- In June 2021, the Company disposed of its shareholding in Coolabi Group Limited, consideration totalling £8,365k was received on 9 August 2021.

20. Geographical Analysis

The operations of the Company are wholly in the United Kingdom.

21. Contingencies, Guarantees and Financial Commitments

Under the terms of the 2013 investment management agreement, the running costs of the Company which are provided for in an annual budget approved by both the Board and the Manager (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.75% of the net asset value of the Company. A running tally is kept and any excess will reduce the amount of the Annual Management Fee for the next following financial year; in any years where there is no excess the Investment Manager is entitled to recover any prior reduced fees.

In accordance with the new investment management agreement referred to in Note 5 the Investment Manager will not bear any of the Company's running costs in respect of the financial year ending 28 February 2021 or 2022; the Investment Manager will, however, no longer be entitled to be reimbursed any excess running cost contribution made by the Investment Manager in relation to any past financial year. A costs cap of 3.5% of the year's closing net asset value will be re-introduced in the Company's financial year ending on 28 February 2023 or, if earlier, in any financial year in which the Company hereafter makes an H share offer where the aggregate net offer proceeds of such H share offer increase the audited H share net asset value, calculated as at the end of that financial year, by three million pounds (£3,000,000) or more over eight million four hundred and twenty six thousand and fifty three pounds (£8,426,053), being the audited H share net asset value as at 29 February 2020.

There were no other contingencies or guarantees as at 28 February 2021.

22. Capital Commitments

The Company had not entered into any capital commitments at year end.

23. Transactions with the Investment Manager and Related Parties

During the year ended 28 February 2021, the Company incurred investment management and administration fees of £782,798 (2020: £878,294) (exclusive of VAT) payable to the Investment Manager, as a related party. This sum comprised:

- investment management fees of £458,379 (2020: £561,664), after the recovery of previous rebates of £65,000 (2020: £69,358)
- administration fees of £324,419 (2020: £316,630).

The total expense ratio, calculated as the year's expenses (as disclosed in the statement of comprehensive income and accounting, save for the exclusions noted below) divided by the closing net asset value for the year, was 4.17% (2020: 3.98%). Under the terms of the 2013 investment management agreement, the running costs of the Company which are provided for in an annual budget approved by both the Board and the Manager (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.75% of the net asset value of the Company. A running tally is kept and any excess will reduce the amount of the Annual Management Fee for the next following financial year; in any years where there is no excess the Investment Manager is entitled to recover any prior reduced fees. For these purposes, annual running costs of the Company include, amongst other things, the annual management fees described above, the administrative services fee described above, Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with shareholders, but exclude irrecoverable VAT, trail commission payable to financial intermediaries, the Investment Manager's performance fee described above and the cost of significant corporate activity. During the year ended 28 February 2021 the excess incurred during the year ended 29 February 2020 of £65,000 was paid to the Company by the Investment Manager.

In accordance with the new investment management agreement referred to in Note 5 the Investment Manager will not bear any of the Company's running costs in respect of the financial year ending 28 February 2021 or 2022; the Investment Manager will, however, no longer be entitled to be reimbursed any excess running cost contribution made by the Investment Manager in relation to any past financial year. A costs cap of 3.5% of the year's closing net asset value will be re-introduced in the Company's financial year ending on 28 February 2023 or, if earlier, in any financial year in which the Company hereafter makes an H share offer where the aggregate net offer proceeds of such H share offer increase the audited H share net asset value, calculated as at the end of that financial year, by three million pounds (£3,000,000) or more over eight million four hundred and twenty six thousand and fifty three pounds (£8,426,053), being the audited H share net asset value as at 29 February 2020.

Details of the Investment Manager's fee arrangements are given in note 5.

During the year, the Investment Manager also derived the following benefits from its relationship with the Company;

- Investee company director and monitoring fees of £74,917 (2020: £97,172)

The remuneration and shareholdings of the Directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 22.

Corporate Information

Directors

Terry Back (Chairman)
Sir Peter Bazalgette
Sir Aubrey Brocklebank
Robin Goodfellow

all of

1 Marylebone High Street
London W1U 4LZ

which is the registered
office of the Company

Investment Manager

Edge Investments Limited
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(authorised and regulated by the Financial Conduct Authority; firm reference number 455446)

Company Secretary

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