Seneca Growth Capital VCT Plc

(formerly Hygea vct plc)

Annual Report and Financial Statements

For the year ended 31 December 2018

Company No: 04221489

Contents

About Seneca Growth Capital VCT Plc

Seneca Growth Capital VCT Plc ("the Company" or "Seneca Growth Capital") is a Venture Capital Trust and was launched in 2001. Until 23 August 2018 the Company was called Hygea vct plc, had only one Ordinary share class and had raised a total of £7.8m through its initial offer for subscription and its subsequent top-up offers.

On 9 May 2018 the Company launched an offer for subscription for a new B share class to raise, in aggregate, up to £10 million with an over-allotment facility of up to a further £10 million (before issue costs) (the "Offer").

The Company made an initial allotment of B shares on 23 August 2018, at which point Seneca Partners Limited ("Seneca") was appointed as the Company's Investment Manager and, as at 31 December 2018, the Company had allotted a total of 4,036,370 B shares under the Offer, raising £4.0m.

Whilst Seneca has been appointed as the Company's Investment Manager and will be responsible for the management of the Company's B share pool investments, responsibility for the management of the Ordinary share pool investments has been delegated to those members of the board of directors who served immediately prior to 23 August 2018.

On 19 January 2018, shareholders approved a change in investment policy for the Company, expanding the range of qualifying investments that the Company can make, in anticipation of the launch of the Offer and the appointment of Seneca as Investment Manager.

There has however been no change in the way the Ordinary share pool's assets are managed and the Directors do not envisage making any new investments from the assets in this share pool (apart from any follow investments in existing portfolio companies), and continue to seek to return to Ordinary shareholders over time the proceeds from any realisations in the form of dividends or by means of a return of capital.

The funds raised from the issue of B shares under the Offer and any subsequent fundraisings will not be limited to being invested in any specific sector. Instead, the Company is targeting well managed businesses with strong leadership that can demonstrate established and proven concepts, and are seeking an injection of growth capital to support their continued development.

Venture Capital Trusts (VCTs)

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

The Company has been approved as a VCT by HM Revenue & Customs (HMRC). In order to maintain its approval the Company must comply with certain requirements on a continuing basis which are discussed further in the Business Review. The Company has continued its compliance with these requirements during the year, and prior to launching the Offer, received from HMRC confirmation that the issue of B shares by the Company will not affect the provisional approval which was previously granted to the company under Chapter 3 Part 6 of the Income Tax Act 2007, and that the new B shares, and the existing Ordinary shares in the Company will be eligible shares as defined by section 273 ITA 2007.

Financial Headlines

Ordinary Shares

£2.9m	Amount realised during the year from sale of Ordinary share pool investment in Hallmarq Veterinary Imaging Limited
89.35p	Ordinary share Net Asset Value ("NAV") plus cumulative dividends paid at 31 December 2018
65.1p	Ordinary share NAV at 31 December 2018
10.0p	Interim capital dividend declared per Ordinary share during year

B Shares

£4.0m	Amount raised during the year from the issue of B shares
£0.5m	Amount invested during the year into new investee company by B share pool
99.1p	B share NAV as at 31 December 2018 (no dividends paid or declared on the B shares at that date)

Financial Summary

	Year to 31 December 2018 Ordinary share pool	Year to 31 December 2018 B share pool	Year to 31 December 2017 (Ordinary share pool only)
Net assets (£'000s)	**5,282**	**3,999**	5,180
Return on ordinary activities after tax (£'000s)	**102**	**(36)**	(367)
Earnings per share	**1.3p**	**(0.9p)**	(4.5p)
Net asset value per share	**65.1p**	**99.1p**	63.8p
Dividends paid since inception	**24.25p**	**-**	24.25p
Total return (NAV plus cumulative dividends paid)	**89.35p**	**99.1p**	88.05p

Shareholder Information and Contact Details

Financial Calendar

The Company's financial calendar is as follows:

10 June 2019	Annual General Meeting will be held at 11.00 a.m. at the Offices of Howard Kennedy LLP, 1 London Bridge, London SE1 9BG
September 2019	Half-yearly results to 30 June 2019 published
April 2020	Annual results for year to 31 December 2019 announced and Annual Report and Financial Statements published

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address should contact the Company's Registrar, Neville Registrars Limited ("Neville"), whose details can be found on page 75. Other queries relating to dividends and shareholdings should also be directed to Neville.

Share Price

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

	Ordinary shares	**B shares**
Latest mid-market share price (25 April 2019)	35.0p per share	98.0p per share

Buying and selling shares

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

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

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

Notification of change of address

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

Other information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Company's website at www.senecavct.co.uk, and in line with current trends all future communications will be also be made available there. The Company has introduced e-communication for its shareholders, as many people now prefer this method of contact, and it helps to keep the Company's cost base down.

Strategic Report

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

The following sections form part of the Strategic Report:

- Our Strategy
- Chairman's Statement
- Investment Manager's Report
- Business Review

Our Strategy

On 9 May 2018 the Company launched an offer for subscription for a new B share class to raise, in aggregate, up to £10 million with an over-allotment facility of up to a further £10 million (before issue costs). In anticipation of the launch of the Offer a revised investment policy was approved by shareholders at the General Meeting on 19 January 2018 – this is included in full further below.

The Company made an initial allotment of B shares pursuant to the Offer on 23 August 2018, at which point Seneca was appointed as the Company's Investment Manager.

Whilst Seneca has been appointed as the Company's Investment Manager and will be responsible for the management of the Company's B share pool investments, responsibility for the management of the Ordinary share pool investments has been delegated to those members of the board of directors who served immediately prior to 23 August 2018.

There has however been no change in the way the Ordinary share pool's assets are managed and the Directors do not envisage making any new investments from the assets in this share pool (apart from any follow on investments in existing portfolio companies), and continue to seek to return to Ordinary shareholders over time the proceeds from any realisations in the form of dividends or by means of a return of capital.

The funds raised from the issue of B shares under the Offer and any subsequent fundraisings will not be limited to being invested in any specific sector. Instead, in line with the revised Investment Policy which was approved by shareholders at the General Meeting on 19 January 2018, the Company is targeting well managed businesses with strong leadership that can demonstrate established and proven concepts, and are seeking an injection of growth capital to support their continued development.

The Directors have controlled the overall risk of the Ordinary share pool investment portfolio by ensuring that the Company has exposure to a diversified range of quoted and unquoted companies from the MedTech sector. The assets attributable to the B share class will not be restricted to any particular sector. The Directors will continually monitor the investment process and ensure compliance with both the relevant VCT regulations for qualifying investments, summarised below, and the Company's Investment Policy, included further below.

Qualifying Investments

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

- At least 70% (80% from 1 January 2020) of investments must be made in qualifying shares or securities;
- At least 70% of qualifying investments must be invested into ordinary shares with no preferential rights (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded);

- At least 30% of funds raised after 31 December 2018 must be invested in qualifying investments by the anniversary of the end of the accounting period in which those funds were raised;
- No single investment made can exceed 15% of the total HMRC company value at the time the investment is made.

In respect of VCT shares issued on or after 6 April 2014, VCT status will be withdrawn if a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors.

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

- have fewer than 250 full time equivalent employees (500 if a knowledge intensive company); and
- have less than £15 million of gross assets at the time of investment and no more than £16 million immediately post investment; and
- be less than seven years old (or 10 years if a knowledge intensive company) if raising State Aided funds for the first time; and
- have raised no more than £5 million of State Aided funds in the previous 12 months and less than the lifetime limit of £12 million (or £20 million if a knowledge intensive company); and
- produce a business plan to show that its funds are being raised for growth.

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

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

Investment Policy

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

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

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

Qualifying Investments

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

Non-Qualifying Investments

An active approach will be taken to manage any cash held, both prior to its investment in Qualifying Companies and to any remaining cash after all investment qualification targets in the VCT rules have been satisfied. All cash will be invested in accordance with VCT rules for Non-qualifying Investments. Such Non-qualifying Investments may include liquid AIFs, UCITS or other money market funds including those managed by Seneca Investment Managers.

Risk Management

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

Borrowing

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

Changes to the Investment Policy

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

Chairman's Statement

I am pleased to present the 2018 Annual Report to Shareholders.

Overview

2018 has been a successful year of change for the Company. Following the initial allotment of B Shares under the Offer launched on 9 May 2018, we are delighted that Seneca was appointed as the Company's Investment Manager. Funds raised under the Offer totalled £5.5 million and five investments have already been made, details of which are set out in the Investment Manager's report. The Offer is now closed and I would like to take this opportunity of welcoming all our new B shareholders. Shareholders may have seen the recent announcement, prior to the last allotment, that the NAV at 31 March 2019 of the Ordinary shares is 51.1p per share and of the B shares is 98.9p per share.

As intimated in my last Chairman's Statement accompanying the 2017 accounts, we anticipated a liquidity event and were delighted to report that in December 2018 we sold the Company's Ordinary share portfolio holding in Hallmarq Veterinary Imaging Limited ('Hallmarq'). This realised a profit over cost of £1,807,000 and over carrying value of £894,000. As announced at the time of the realisation, it was also possible the Company would receive a small amount of further proceeds that had been deferred at completion and I am pleased to confirm that a further £37,666 was received in April 2019 and will be accounted for in the 2019 accounts. We are delighted that this realisation has allowed us to pay an interim dividend of 10p per Ordinary share and our further intentions regarding dividends are detailed below.

Details of the Ordinary share pool's remaining portfolio companies are included below and also in the Investment Manager's Report. The Net Asset Value of the Ordinary shares at 31 December 2018 has now increased to 65.1p per share and the Total Return is now 89.35p per share. As Ordinary shareholders will recall, following the raising of the minimum subscription of B shares in August 2018, the Ordinary share pool will suffer no running costs until July 2021. In addition, the Company's bank loan, which was a liability of the Ordinary share pool, has been repaid using proceeds from the Hallmarq sale and the debenture released.

Details of the B share investment made during the year along with details of the B share investments made since the year end are included in the Investment Manager's Report. The Net Asset Value of the B shares at 31 December 2018 was 99.1p and at that date no dividends had been paid in relation to the B shares.

The Board is also encouraged that as of today's date, the Investment Manager has already invested £2.75m of the funds raised under the Offer into 5 companies. This is in line with their expectations for deploying the capital raised under the Offer and indicative of the healthy pipeline of growth capital investment opportunities which Seneca maintains as a result of not only their appointment as the Company's Investment Manager, but also as an active growth capital investor through the EIS funds which they manage. We expect to issue a prospectus for a further B share offer shortly and look forward to the Investment Manager continuing to build a portfolio of diverse growth capital investments which will be attractive to the VCT investment community.

Results and Dividends

During the year, our revenue return on ordinary activities saw a loss of 0.72p per Ordinary share and a loss of 0.45p per B share, both principally as a result of the impact of the Company's running costs. The comparative loss for 2017, which related solely to the Ordinary shares, amounted to 1.5p per share. The Company's running expenses are capped at 3% of the B share NAV until July 2021 and as a result, an amount of £18,000 was due to the Company from the Investment Manager at 31 December 2018 which will be deducted from future payments falling due to Seneca.

The Capital return on the Ordinary share portfolio amounted to 2p per share driven by the profit generated on the disposal of our holding in Hallmarq, details of which I referred to above, net of changes to the valuations of some other Ordinary share pool investments. There is no change in the value of the B share portfolio since the first investment only completed on 31 December 2018.

During the year, the nominal value of the Ordinary shares was reduced from 50p per share to 1p per share and the majority of the balance standing to the credit of the Company's share premium account arising on the issue of B shares was reduced. Both of these transactions have given rise to a credit to the Special Distributable Reserve which may be used for the payment of dividends. Further details are included in note 14 on page 68. Your original Ordinary share certificates remain valid.

As previously stated, it is the Board's intention to distribute the majority of the proceeds generated by the Hallmarq exit to Ordinary shareholders, after repayment of the bank loan and retention of an appropriate proportion to cover small follow on investments in the existing Ordinary share portfolio and any costs attributable to the Ordinary share pool. In line with this intention, an interim dividend of 10p per Ordinary share was declared on 28 December 2018 and it is the current intention of the Board to declare a further interim dividend of 18p per Ordinary share in early May (following the filing of the Company's 2018 accounts at Companies House) for payment shortly thereafter.

In addition the Board was pleased to have declared an interim dividend of 1.5p per B share on 6 March 2019, which was paid in April 2019, reducing the NAV of a B share to 97.4p. The Board hopes to be able to continue to declare periodic dividends on the B shares as the B share investment portfolio develops.

Ordinary Share Investment Portfolio Review

The remaining Ordinary share portfolio has seen a reduction in value during the period. As at 31 December 2018 the value stood at £2.79m (having been at £3.535m at the end of the prior year excluding Hallmarq) with a large proportion of the reduction in the year resulting from the decline in the share price of AIM quoted Scancell Holdings plc ("Scancell') and Omega Diagnostics plc ("Omega") during the year. However, in the Board's opinion, the intrinsic values of both Scancell and Omega remain and we are firmly of the view that the potential upside in these assets merits their continued presence in the portfolio.

The value of the quoted and unquoted sections of the remaining Ordinary share portfolio were roughly equal at 31 December 2018. Scancell, valued at the bid price of 9p, represented 42% of the Ordinary share portfolio as at 31 December 2018. However, by the 31 March 2019 the bid price had reduced to 5.5p and accordingly the percentage of the entire Ordinary share portfolio represented by Scancell has fallen to 30.6%. This was the primary reason for the reduction in the NAV of an Ordinary share (in addition to the dividend of 10p per share that was paid on 25 January 2019) as at 31 March 2019. Details of progress in the Ordinary share pool unquoted portfolio are included in the Investment Manager's Report but the only significant investment, based on the valuations as at 31 December 2018, is OR Productivity Limited which continues to report success in its ambitions within the hospital operating environment.

We have written down the value of Exosect Limited ('Exosect'), which was placed into Administration on 18 October 2018, to nil and reduced the value of Arecor Limited ('Arecor') following their recent fund raising at a discounted price compared to our carrying value. We continue to hold a full provision against our investment in Immunobiology Limited due to share preferences held by other investors. Whilst we are unlikely to recover any value from Exosect, we would hope that the opportunities available to both Arecor and Immunobiology have the potential to realise further value for the Ordinary share portfolio.

The Board remains confident that, overall, the remaining Ordinary share portfolio has the opportunity to realise a significant gain for shareholders but we do not see any immediate opportunities for further realisations.

B Share Investment Portfolio Review

We are delighted to report that the new B share portfolio has now made 5 investments and invested £2.75 million. This is a very positive start to the development of the B share investment portfolio and demonstrates that Seneca has access to considerable deal flow with exciting opportunities. Full details are included in their Investment Manager's report.

Annual General Meeting

The Company's AGM will be held at 11.00 a.m. on Monday 10 June 2019 at the offices of Howard Kennedy LLP, 1 London Bridge, London SE1 9BG and we look forward to welcoming you to the meeting.

Following the appointment of Seneca as Investment Manager, Charles Breese has indicated that he does not wish to seek re-election to the Board at the AGM. However we are pleased that he has agreed to continue as a consultant until the end of this year in order to facilitate an orderly handover of the relationships with the remaining companies in the Ordinary share portfolio. Charles has been a member of the Company's Board since its inception in 2001 and we thank him very much for his considerable advice and input, especially the benefit of his investment experience, during that time.

The Board has reviewed my performance and has asked me to continue as Chairman. A resolution for my re-election is included in the AGM Notice. A resolution for the re-election of Richard Manley, who was appointed during the year as Seneca's representative, is also included in the AGM Notice.

The Board is currently in the process of identifying a new non-executive Director.

As the Company has now paid interim dividends in respect of both the Ordinary shares and the B shares and is required to pay a further Ordinary share dividend before 12 June 2019 in order to satisfy VCT rules following disposal of the Hallmarq investment on 13 December 2018, no resolutions are included in respect of dividends.

The Notice of the AGM includes resolutions empowering the Directors to issue further B shares and Ordinary shares which will primarily be used to facilitate the launch of another B share offer for the 2019/2020 and 2020/2021 tax years referred to above which requires authorisation for the Directors to be able to allot up to a further 25,000,000 B Shares. Including these resolutions in the AGM business will avoid the Company having to produce and send out a separate circular.

A summary of the resolutions to be proposed by the Company at its Annual General Meeting is included on page 32.

VCT Qualifying Status

Philip Hare & Associates provides the Board with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs; they have confirmed that we remain within all the appropriate VCT qualifying regulations as at 31 December 2018.

Fund Administration

Our administration remains unchanged at present but, as the B share portfolio increases, much of this will migrate to Seneca's Haydock offices, to where we have already moved the Company's Registered Office. Neville Registrars ('Nevilles') will continue to maintain the Register. Our website has now changed to www.senecavct.co.uk which includes all information in respect of both share classes including Annual Reports and notices of meetings. We would remind shareholders who have not opted for electronic communications that this is more efficient and ecologically friendly than receiving paper copies by post. If you wish to take advantage of this facility, please contact Nevilles whose details are on page 75.

Resignation of Auditor

As already announced, James Cowper Kreston ("JCK"), the Company's previous auditor, have decided to withdraw from auditing Public Interest Entities (which includes VCTs) for the time being due to the increasing regulatory landscape and associated costs. As a result JCK have resigned from their role as auditor to the Company. The Company carried out a tender process for the appointment of a new auditor, and the Board, on the recommendation of the Audit Committee, appointed UHY Hacker Young LLP ("UHY") to fill the casual vacancy that had arisen. UHY have audited the Company's annual results for the year ending 31 December 2018, and shareholders will be asked to reappoint them at the AGM for the audit of the accounts for the year ending 31 December 2019.

Future Prospects

As I have previously indicated, we regard the prospects for the remaining Ordinary share portfolio as good but once again I need to seek shareholders' patience following the significant distributions returned (and intended to be returned) to them in 2019 whilst we await further realisation opportunities for the remaining investments in the Ordinary share portfolio.

We are pleased with the support we have received from existing and new shareholders in respect of the B share fund raising and will be issuing our new prospectus in the near future. Seneca is confident that there remains significant demand from potential investee companies for the type of growth capital that the Company can provide from its B share pool. As such, the Board remains confident of continuing to increase the B share fund in the 2019/20 tax year and foresees being able to invest these funds profitably well within the time limits imposed on VCTs.

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

John Hustler
Chairman
26 April 2019

Investment Manager’s Report

Seneca Partners were delighted to be formally appointed as the Company’s Investment Manager on 23 August 2018 following the successful first allotment of shares under the B share offer, which was launched on 9 May 2018 to raise in aggregate up to £10m.

We are active growth capital investors and since 2012 have invested in excess of £50m of growth capital into more than 40 investee companies.

As many of the Company’s B shareholders will know, Seneca are head-quartered in the North West of England and as a result of our position as active growth capital investors across the UK we maintain a strong pipeline of investment opportunities. From this pipeline of potential investments we have moved quickly to make our first investments from the Company’s B share pool and started the process of building a diverse portfolio of growth capital investments which we hope will provide attractive returns for the benefit of the Company’s B shareholders.

We are happy to report that a total of £5.5m was raised under the new B share offer in our first year of fundraising of which £0.5m had been invested into one investee company as at 31 December 2018.

This first investment was made into the fast growing e-commerce business, SilkFred Limited, which specialises in independent ladies’ fashion brands. Seneca first invested in this business via EIS funds which we manage in March 2018 and since that time we have been impressed with the progress it has made and rate with which the business is growing. The December 2018 investment made from the Company’s B share pool was part of a larger investment round totalling c.£4m and will provide the working capital the business requires to support its continued growth.

Since this first B share pool investment on 31 December 2018 we have also now completed a further 4 investments from the B share pool deploying an additional £2.25m and in all of these instances the B share pool has co-invested alongside EIS funds also managed by Seneca. This is a key feature of the B share pool’s early investments and brings an ability for the B share pool to participate in larger deals into more established companies than would be possible at this point if the Company’s B share pool were to invest on a standalone basis.

Our current investment portfolio is summarised in the table below with additional detail in relation to each investee company included thereafter.

We are very happy with the diverse nature of these initial 5 B share pool investee companies and as it is our intention that the B share portfolio has exposure to both private and AIM quoted companies we are also particularly pleased that we have been able to include an AIM quoted company in these initial investments.

It is our intention to launch another prospectus for a further B share offer in the 2019/2020 tax year in the near future and to continue to raise funds to support the ongoing development of the existing portfolio and to fund new investments.

Shareholders will recall that whilst Seneca Partners are the Company’s Investment Manager, responsibility for the management of the Ordinary share pool investments remain with those members of the Board who were serving at the point of Seneca’s appointment on 23 August 2018. During the year to 31 December 2018 a profit over original cost of £1,807k was realised on the sale of the Ordinary share portfolio’s holding in Hallmarq. A further £19k profit over cost was realised when 200,000 Scancell shares were sold for liquidity management purposes. During the year former Ordinary share pool investee company Glide was dissolved and the carrying value of the Ordinary share pool’s investment in Exosect was written down to nil following the company entering administration in October 2018.

Further details in relation to both Ordinary share pool and B share pool investee companies are included below.

Investment Portfolio – Ordinary shares

Unquoted Investments	Equity held %	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2018 £'000	Movement in the year to 31 December 2018 £'000
OR Productivity plc	10.3	765	(101)	664	-
Fuel 3D Technologies Limited	<1.0	299	(23)	276	-
Arecor Limited	1.3	142	63	205	(47)
Insense Limited	4.6	509	(389)	120	-
Microarray Limited	1.8	132	(65)	67	-
ImmunoBiology Limited	2.0	868	(868)	-	-
Exosect Limited	1.4	270	(270)	-	(120)
Total unquoted investments		**2,985**	**(1,653)**	**1,332**	**(167)**

Quoted Investments	Shares held	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2018 £'000	Movement in the year to 31 December 2018 £'000
Scancell plc	13,049,730	789	385	1,174	(482)
Omega Diagnostics plc	2,293,868	328	(41)	287	(92)
Total quoted investments		**1,117**	**344**	**1,461**	**(574)**
Total investments		**4,102**	**(1,309)**	**2,793**	**(741)**

Investment Portfolio – B shares

Unquoted Investments	Equity held %	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2018 £'000	Movement in the year to 31 December 2018 £'000
Silkfred Limited	<1.0	500	-	500	-
Total unquoted investments		**500**	**-**	**500**	**-**

Ordinary Share Pool – Investment Portfolio – Unquoted Investments

1. OR Productivity Limited

Initial investment date:	March 2011
Cost:	£765,000
Valuation:	£664,000
Equity held:	10.3%
Last statutory accounts:	31 March 2018
Turnover:	£163,000
Loss before tax:	£762,000
Net assets:	£(1,248,000)
Valuation method:	Price of last fundraise

At the end of 2011, Freehand 2010 (a Seneca Growth Capital Ordinary share investee) was acquired by OR Productivity plc (ORP) in exchange for ORP shares.

Freehand 2010 owns the intellectual property to technology incorporated in a product, FreeHand, for robotically controlling the laparoscope (part of the camera system) used in the growing sector that is keyhole surgery. The business model is built upon free placement of the system with recurring revenue then being generated from the subsequent sale of a consumable per operation.

Progress made by the company in 2018 includes:

- The publishing by Salisbury Hospital in May 2018 of information comparing the outcomes from surgery using FreeHand held cameras with the results of surgery done with a human held camera. Of particular note was a 22% average reduction in operating time of 35 minutes and a 25% average reduction in post-operative stay from 2 days to 1.5 days when using FreeHand held cameras which are significant reductions, particularly at a time when the NHS is experiencing staff and bed shortages;

- A strategic decision to focus sales efforts on accounts capable of undertaking c.1,000 operations p.a. with one such account already having been secured; and

- Progress being made with the company's Development Management Services offering with the completion of the first stage of a development project for a medical device delivering laser ablation of tumors. The project saw the development of a robotic assistant (based on FreeHand technology) taking instructions from both MRI and CT imaging modalities and other such projects are in the pipeline.

2. Fuel 3D Technologies Limited

Initial investment date:	March 2010
Cost:	£299,000
Valuation:	£276,000
Equity held:	< 1%
Last statutory accounts:	31 December 2017
Turnover:	£665,000
Loss before tax:	£9.6 million
Net assets:	£4.7 million
Valuation method:	Price of last fundraise

In 2014 Fuel 3D was formed to acquire the computer 3D imaging IP of Seneca Growth Capital Ordinary share investee company, Eykona. The initial application for this IP targeted by Eykona was measuring the volume of chronic wounds, however this has since developed and the current application focus is on a) measuring tumours in animals used in drug development via a product called BioVolume and b) enabling the manufacture of products to fit a particular individual eg masks used to treat certain medical conditions.

BioVolume is Fuel 3D's lead product and improves measurement accuracy, inter-operator consistency, animal welfare, cost efficiencies, compliance and the success of pre-clinical oncology research.

Progress made by the company in 2018 includes:

- Continued development of BioVolume by combining 3D imaging with thermal imaging and paid for trials are now being undertaken with a number of pharma companies; and
- Using its technology in conjunction with 3D printing to make products to fit a particular individual and a development project is now underway with a third party to facilitate the manufacture of masks for a medical application.

3. Arecor Limited

Initial investment date:	January 2008
Cost:	£142,000
Valuation:	£205,000
Equity held:	1.3%
Last statutory accounts:	31 May 2018
Turnover:	£1,272,000
Loss before tax:	£1,176,000
Net assets:	£679,000
Valuation method:	Price of last fundraise

Arecor was a spin-out from Insense (a Seneca Growth Capital Ordinary share investee company – see below) to commercialise technology developed by Insense for enabling biologics to maintain their integrity without the need for refrigeration - this both reduces cost and also helps supply chain logistics in developing countries where temperature monitored cold storage facilities are in short supply.

Progress made by the company in 2018 includes:

- In their financial year to 31 May 2018 they invested £2.1m in R&D associated with their own product development; and
- The company also raised £6.0m of equity in September 2018 to fund the continued development of Arecor's own products for diabetes care and during 2018, the company also filed a Clinical Trial Application to conduct a Phase I study in Type 1 diabetes patients of Arecor's ultra-rapid acting insulin product.

4. Insense Limited

Initial investment date:	July 2003
Cost:	£509,000
Valuation:	£120,000
Equity held:	4.6%
Last statutory accounts:	31 December 2017
Turnover:	£18,000
Loss before tax:	£255,000
Net assets:	£322,000
Valuation method:	Price of last fundraise

Insense is an innovative, biotechnology company and was spun-out from Unilever's R&D laboratory in 2001.

It has since had two successful spin-outs, namely Arecor (see above) and Microarray (see below) and current Insense development activity is concentrated on dermatology products for both professional and consumer applications.

Progress made by the company in 2018 includes:

- work continuing in conjunction with a leading microbiologist to prepare its leading dermatology product (fungal nail treatment) for efficacy and usability tests with the aim of finalising product specification for first-in-man trials.

5. Microarray Limited

Initial investment date:	January 2011
Cost:	£132,000
Valuation:	£67,000
Equity held:	1.8%
Last statutory accounts:	31 December 2017
Turnover:	£58,000
Loss before tax:	£1.1 million
Net assets:	£(2.3 million)
Valuation method:	Directors' valuation

Microarray Ltd is a UK-based specialist wound healing company. Founded in 2000, Microarray was merged with Archimed,a spin-out from Insense (see above) the company is now privately owned.

The company has access to wide ranging expertise in the fields of wound dressing product development, marketing and sales; electrochemistry and diagnostic sensor technologies; biochemistry, oxygen and iodine chemistry; enzymology, immunology and inflammation. Current research and development activities are concentrated on innovative, electrochemically-active wound dressings for the treatment of chronic wounds and on wound care diagnostics.

Microarray owns and continues to develop new intellectual property in its specialist fields. It works independently and with expert academic and industrial partners.

Progress made by the company in 2018 includes:

- wound sample material being obtained from a Wounds Innovation Centre, where the company is working with a world leading wound clinician; and

- interim data from a sizeable trial ongoing with data due in 2019, and the design expected to be frozen in Q3 2019.

6. ImmunoBiology Limited

Initial investment date:	November 2005
Cost:	£868,000
Valuation:	£nil
Equity held:	2.0%
Last statutory accounts:	31 May 2018
Turnover:	£nil
Loss before tax:	£665,000
Net assets:	£532,000
Valuation method:	Directors' valuation

ImmunoBiology is a biotechnology company that is focused on developing treatments for illnesses such as meningitis, tuberculosis, influenza and hepatitis C. The company's technology is based on the discovery that a group of proteins known as 'heat shock proteins' has a pivotal role in controlling the normal immune response to infections.

The focus is currently on a vaccine for Pneumococcal Disease, for which the challenge is that there are >90 strains in circulation but present treatments address only a small proportion. In 2016 a first in human study demonstrated safety in adults.

Progress made by the company in 2018 includes:

- Preparation for a significant fundraise to finance a PnuBioVax Phase II clinical trial, with the objective of a successful outcome leading to a shareholder exit and in early 2019 also concluded a regional licensing agreement.

7. Exosect Limited

Initial investment date:	January 2010
Cost:	£270,000
Valuation:	£nil
Equity held:	1.4%
Last statutory accounts:	31 December 2017
Turnover:	£83,000
Loss before tax:	£2.4 million
Net assets:	£(370,000)
Valuation method:	Investment fully written down

Exosect was spun-out of Southampton University in 2001 to commercialise innovative pest control technology and reduce the use of insecticides.

Until 2015, it sought to develop its own pesticide products. However, following a change of CEO, the strategy was changed whereby the company regarded its technology as a platform for helping pesticide manufacturers target their products more accurately and thereby achieve environmental benefits (through enabling a 50% reduction in active ingredients required as currently more than 50% of applied agrochemicals do not reach their intended target) with resulting cost savings.

Unfortunately this change in strategy ultimately proved to be unsuccessful and administrators were appointed to the company on 18 October 2018, with no return being anticipated to shareholders.

Ordinary Share Pool – Investment Portfolio - AIM Quoted Investments

1. Scancell plc

Initial investment date:	December 2003
Cost:	£789,000
Valuation:	£1,174,000
Equity held:	3.4%
Last statutory accounts:	30 April 2018
Turnover:	£nil
Loss before tax:	£4.9 million
Net assets:	£13.9 million
Valuation method:	Bid price of 9.0p per share

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

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

In addition, in 2012 a second platform technology, Moditope, was announced and is based on exploiting the normal immune response to stressed cells, and is complementary to the Immunobody platform.

Progress made by the company in 2018 includes:

- The announcement of a Clinical Development Partnership with Cancer Research UK (CRUK) to develop SCIB2, for the treatment of patients with solid tumours, including non-small cell lung cancer. CRUK will fund and sponsor a UK-based Phase I/II clinical trial of SCIB2 in combination with a checkpoint inhibitor;

- The announcement of a collaboration with BioNTech for the Moditope product being developed for the treatment of lung, triple-negative breast cancer, ovarian and endometrial cancers. BioNTech is one of Europe's new immuno-oncology power-houses;

- The appointment of a new CEO in January 2018. He was VP Business Development at Arana when it acquired Scancell's monoclonal antibody business in 2006; and

- The initiation of preparations for a) a SCIB1- checkpoint inhibitor Phase II US combination study in late stage melanoma (the study is expected to start in H2 2019), and b) a First-in-Human study with Modi-1 in patients with triple negative breast cancer, ovarian cancer and sarcoma.

2. Omega Diagnostics plc

Initial investment date:	August 2007
Cost:	£328,000
Valuation:	£287,000
Equity held:	1.8%
Last statutory accounts:	31 March 2018
Turnover:	£13.6 million
Loss before tax:	£6.9 million (incl £5.9 million exceptional charge)
Net assets:	£17.1 million
Valuation method:	Bid price of 12.5p per share

Omega Diagnostics plc ("Omega") is quoted on AIM and specialises in Food Intolerance Testing, Allergy Testing and HIV Point-of-Care (POC) Testing.

Progress made by the company in 2018:

- In December 2017 the founding CEO stepped down and was replaced by the COO who had joined in August 2015, having previously been Managing Director of Axis-Shield Diagnostics. Following a strategic review by the new CEO, a restructuring took place in order to position the group with a profitable core business with attractive organic growth potential (Food Intolerance Testing), and two products under development with significant growth potential (Allergy Testing, and HIV POC Testing). The restructuring involved the closure of the manufacturing site in India and the manual allergy testing business, eliminating EBITDA losses of c.£800,000 in 2017/18 in addition to the sale of the low growth/low margin infectious diseases business; and

- In addition to the completion of the restructuring, the first sales have been achieved in relation to the automated allergy tests project and the first sales have also been achieved with regard to the HIV POC Testing CD4 350 test (on which development started in 2012 and CE marking was achieved in 2017). CE marking of the second test, CD4 200 (which is anticipated to have the greater market potential) was achieved in March 2019.

B Share Pool – Investment Portfolio – Unquoted Investments as at 31 December 2018

1. SilkFred Limited

Initial investment date:	December 2018
Cost:	£500,000
Valuation:	£500,000
Equity held:	<1%
Last statutory accounts:	31 December 2017
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	£3.5 million
Valuation method:	At cost

SilkFred

Silkfred is an online marketplace for independent ladies' fashion brands. The business was founded in 2011 with the aim of creating an efficient marketplace for emerging fashion designers to bring products to market and establish their brand in the sector. The business now works with c.600 independent brands, selling to over 500k customers.

Silkfred acts as a central marketing and sales platform for these brands, charging commission in exchange for these services, and as a result the business itself takes minimal inventory / working capital risk on new brands, lines or products.

The business model revolves around a market leading and scalable customer service platform, and as such Silkfred are continually investing in core infrastructure and constantly seeking innovative methods to enhance the customer experience.

B Share Pool – Investment Portfolio – Additional Unquoted Investments as at 26 April 2019

1. Fabacus Holdings Limited

Initial investment date:	February 2019
Cost:	£500,000
Equity held:	2.2%
Last statutory accounts:	31 December 2018
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	£4.6 million

FABACUS

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

Currently, there is a fundamentally flawed data capture process between licensors and licensees; and a disconnection from the framework of retail standards that have underpinned and continue to enable the retail value chain. This has resulted in an inability to correctly address known shortcomings in respect to data management and hinder the needed digital transformation of licensors in the digitally evolving retail landscape.

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

2. Old St Labs Limited

Initial investment date:	March 2019
Cost:	£500,000
Equity held:	3.44%
Last statutory accounts:	31 March 2018
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	(£0.7) million

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

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

Vizibl provides the infrastructure, governance and reporting capabilities to optimise present supplier performance and acts as a springboard for those collaborative supplier relationships. The product is CRM / ERP agnostic, working alongside all major software providers to ensure the collaboration software is insightful and informative.

3. Qudini Limited

Initial investment date:	April 2019
Cost:	£500,000
Equity held:	2.22%
Last statutory accounts:	31 December 2018
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	£1.7 million

Founded in 2012, Qudini is a B2B software company that provides customer experience SaaS solutions to organisations in retail, hospitality, the public sector and healthcare.

Qudini provides a software solution for appointment bookings, queue management, event management and task management – enabling businesses to improve shop floor operations by managing staff activity, breaks and performance, and by assigning tasks at store or head office level.

Qudini is aiming to revolutionise digital queue and appointment management. It achieves this through deployment of its data-centric, cloud-based (Amazon Web Services), cross-platform service, which improves a business’ ability to manage the flow of customers awaiting service, using algorithms to provide accurate, live data, such as estimated wait times. Wait times are relayed to the customer typically via an SMS/text sent from the Qudini platform. Through integration with various software platforms and compatible with wide variety of hardware, Qudini enables detailed analytics focused on customer trends, and provides a unique insight into areas such as customer footfall, peak demand times, and wait times.

B Share Pool – Investment Portfolio – Additional Quoted Investments as at 26 April 2019

1. SkinBioTherapeutics Plc

Initial investment date:	February 2019
Cost:	£750,000
Equity held:	3.7% - 4,677,107 shares
Last statutory accounts:	30 June 2018
Turnover:	Nil
Loss before tax:	£0.9 million
Net assets:	£3.4 million

SkinBioTherapeutics is a life science company focused on skin health. The Company's proprietary platform technology, SkinBiotix®, is based upon discoveries made by CEO Dr. Cath O'Neill and Professor Andrew McBain.

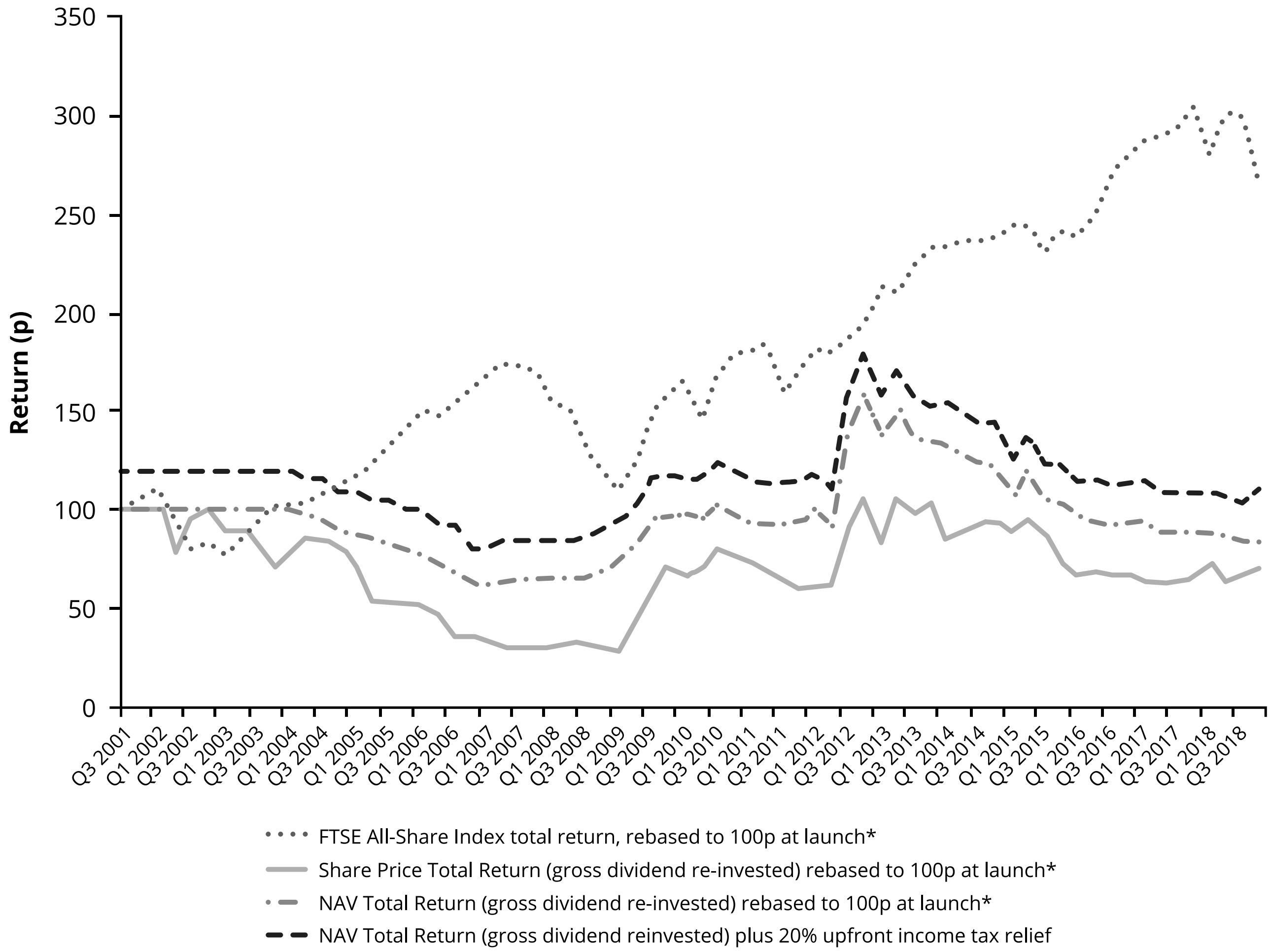
SkinBioTherapeutics' platform applies research discoveries made on the activities of lysates derived from probiotic bacteria when applied to the skin. The Company has shown that the SkinBiotix® platform can improve the barrier effect of skin models, protect skin models from infection and repair skin models. Proof of principle studies have shown that the SkinBiotix® platform has beneficial attributes applicable to each of these areas.

The aim of the Company is to develop its SkinBiotix® technology into commercially successful products supported by a strong scientific evidence base. SkinBioTherapeutics' commercial strategy is to engage health and wellbeing and/or pharmaceutical companies in early dialogue to build up relationships and maintain communication on technical progress until one or more commercial deals can be secured.

Company Performance

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

The graph below compares the NAV return (rebased to 100) of the Company's Ordinary shares over the period from October 2001 to December 2018, with the total return from a notional investment (rebased to 100) in the FTSE All-Share index over the same period. This index is considered to be the most appropriate broad equity market index for comparative purposes. However, the Directors wish to point out that VCTs have very restrictive investment criteria in their observance of the VCT rules. A graph making a similar comparison for the NAV return of the Company's B shares has not been included as the first B share pool investment was only completed in December 2018.



* Based on notional investment on 1 October 2001

AIC methodology: The NAV Total Return to the investor, including the original amount invested (rebased to 100p) from launch, assuming the dividends paid were re-invested at the NAV of the Company at the time the shares were quoted.

Results	**Year ended 31 December 2018**	Year ended 31 December 2017
	£'000	£'000
Net return attributable to Ordinary shareholders	**102**	(367)
Net return attributable to B shareholders	**(36)**	-
Total	**66**	(367)

Key Performance Indicators (KPIs)

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

- Total Return (NAV plus cumulative dividends paid) per share for both share classes; and
- The total expenses of the Company as a proportion of shareholders' funds.

The Total Return for the Ordinary shares and B Shares are included in the Financial Summary on page 5.

For a three year period with effect from 1 July 2018, expenses of the Company are capped at 3% of the weighted average net asset value of the B shares, including the management fee (but excluding any performance fee). Accordingly Seneca reduced its management fee by £42,000 in the year to 31 December 2018 (2017: n/a) to keep expenses in line with this cap.

Viability Statement

In accordance with provision C.2.2 of The UK Corporate Governance Code 2014 the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a three year period is considered to be a reasonable time horizon for this.

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

The Board has also considered the Company's cash flow projections and found these to be realistic and reasonable.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2021.

Principal risks, risk management and regulatory environment

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

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

The Board keeps the Company's VCT qualifying status under regular review. The Board has also engaged Philip Hare & Associates LLP as VCT Status advisor.

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

a) The Company's income in the period has been derived wholly or mainly (70% plus) from shares or securities.

b) The Company has not retained more than 15% of its income from shares and securities.

c) At least 70% (80% from 1 January 2020) by value of the Company's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of the company. New funds raised are included in this requirement from the beginning of the accounting period in which the third anniversary of the share issue date falls. As at the end of December 2018 the percentage is 100%.

d) At least 70% by value of the Company's qualifying holdings has been represented throughout the period by holdings of eligible shares (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded).

e) At least 30% of funds raised after 31 December 2018 must be invested in qualifying investments by the anniversary of the accounting period in which those funds were raised.

f) No holding in any company has at any time in the period represented more than 15% by value of the Company's investments at the time of investment or when the holding is added to.

g) The Company's ordinary capital has throughout the period been listed on a regulated European market.

h) No investment made by the VCT has caused the investee company to receive more than £5m (or £10m for knowledge intensive companies) of State Aid investment in the year ended on the date of the VCT's investment, nor more than the lifetime limit of £12m (or £20m for knowledge intensive companies). Furthermore the use of funds has not been contrary to the EU State Aid guidelines.

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

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

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

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

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

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

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

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance section starting on page 34.

Due to the nature of the Company, environmental, social, employee and human rights' issues do not apply and therefore no disclosures in respect of these have been included in the Directors' report.

Further details of the Company's financial risk management policies are provided in note 16 to the Financial Statements.

Gender and Diversity

The Board currently comprises four male Non-Executive Directors with considerable experience of the VCT industry. The gender and diversity of the constitution of the Board will continue to be reviewed on an annual basis.

Details of Directors

John Hustler (Non-Executive Chairman – Age 72)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is presently Chairman of Octopus Titan VCT plc. He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997-2000, and was a member of the Council of the British Venture Capital Association from 1989-1991.

John has a beneficial interest in Scancell.

Charles Breese (Non-Executive Director – Age 72)

Charles has over 30 years of experience of investing in start-up, early stage and quoted smaller companies harnessing technology to derive competitive advantage. He worked for KPMG from 1969 until 1982. He joined Larpent Newton Holdings Limited in 1982 and was appointed Managing Director in 1986. Larpent Newton provides the resources required to assist technology-based companies seeking to develop from being unquoted through to an AIM listing, and ultimately to achieving a trade sale. He has developed an Investment Template which has proved successful in identifying early stage companies which have delivered attractive long-term returns.

Charles has a beneficial interest in OR Productivity, Scancell, and Omega Diagnostics.

Richard Roth (Non-Executive Director – Age 55)

Richard is a director of all the Oxford Technology Venture Capital Trusts and Chairman of Oxford Technology 2 Venture Capital Trust Plc. He is a Chartered Management Accountant and worked in the airline industry for a number of companies including easyJet and was CFO of RoyalJet. He has subsequently had a number of consulting assignments, in particular helping companies determine their strategy, and implementing business improvements. Richard has been a VCT investor for nearly 20 years. He has invested in a number of small (mainly unquoted) companies and has also advised several potential start-up businesses – mainly travel-related.

Richard has a beneficial interest in Scancell, and Fuel3D.

Richard Manley (Non-Executive Director – Age 39)

Richard is CEO of Seneca Partners Limited. He qualified as a chartered accountant with KPMG in 2004, joined NM Rothschild's Leveraged Finance team in Manchester in 2007 before joining Cenkos Fund Managers in 2008.

Richard joined Seneca on launch in 2010 and has been involved in the development of all areas of Seneca's business and played a key role in its journey from start up to managing more than £100m by end December 2018. He has been a continuous member of Seneca's investment and credit committees and has been involved in all of Seneca's EIS and VCT growth capital investments to date. Richard became Managing Partner of Seneca Partners Limited in 2016 and CEO in 2017.

Richard has a beneficial interest in Scancell.

Directors' Report

The Directors present their Report and the audited Financial Statements for the year ended 31 December 2018.

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

Review of Business Activities

The Directors are required by s417 of the Companies Act 2006 to include a Business Review to shareholders. This is set out on page 25 and forms part of the Strategic Report. The Chairman's Statement on page 10 to 13, and the Investment Manager's Report on pages 14 to 24 also form part of the Strategic Report.

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

Directors' Shareholdings – Ordinary shares

The Directors of the Company during the period and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 1p (2017: nominal value 50p) are shown in the table below:

	31 December 2018 Number of Shares	**31 December 2017 Number of Shares**
John Hustler	**190,000**	190,000
Charles Breese	**105,000**	105,000
Richard Roth	**209,612**	209,612
Richard Manley	**-**	-

All of the Directors' shares were held beneficially. There have been no changes in the Directors' Ordinary share interests between 31 December 2018 and the date of this report.

Directors' Shareholdings – B Shares

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

	31 December 2018 Number of Shares	**31 December 2017 Number of Shares**
John Hustler	**-**	-
Charles Breese	**-**	-
Richard Roth	**15,000**	-
Richard Manley	**24,750**	-

All of the Directors' shares were held beneficially. There have been no changes in the Directors' B share interests between 31 December 2018 and the date of this report.

Directors' and Officers' Liability Insurance

The Company has maintained directors' and officers' liability insurance cover on behalf of the Directors and Company Secretary.

Whistleblowing

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

Bribery Act

The Board has approved an Anti-Bribery Policy to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional and ethical conduct are maintained.

Management

On 23 August 2018 Seneca was appointed as the Company's Investment Manager.

Whilst Seneca has been appointed as the Company's Investment Manager and will be responsible for the management of the Company's B share pool investments, responsibility for the management of the Ordinary share pool investments has been delegated to those members of the board of directors who served immediately prior to 23 August 2018.

Share Issues

During the year, the Company did not issue any Ordinary shares (2017: nil). During the year, the Company issued 4,036,370 B shares raising £4.0m (2017: nil). Subsequently an additional 1,351,294 B shares have been issued under the Offer.

Share Capital

The Company's issued Ordinary share capital as at 31 December 2018 was 8,115,376 Ordinary shares of 1p each (31 December 2017: 8,115,376 of 50p each) and 4,036,370 B shares of 1p each (31 December 2017: nil).

Directors

Biographical details of the Directors are shown on page 29.

In accordance with the Articles, John Hustler who has been a director for more than nine years will retire and offer himself for re-election at the forthcoming AGM. Richard Manley has been appointed since the last AGM and will therefore retire and offer himself for re-election at the forthcoming AGM.

The Board is satisfied that, following individual performance appraisals, both the Chairman and Richard Manley, who are retiring, continue to be effective and demonstrate commitment to their roles and therefore offer themselves for re-election with the support of the Board.

Following the appointment of Seneca as Investment Manager, Charles Breese has indicated that he does not wish to seek re-election to the Board at the AGM. However we are pleased that he has agreed to continue as a consultant until the end of this year in order to facilitate an orderly handover of the relationships with the remaining companies in the Ordinary share portfolio.

The Board is cognisant of shareholders' preference for Directors not to sit on the boards of too many listed companies ("over-boarding"). As part of their assessment as to his suitability, the Directors considered Richard Roth's other directorships at the time of his appointment, given that he also sits on the boards of the four Oxford Technology ("OT") VCTs. The Directors noted that those four funds have a common board, and there is an element of overlap in the workload across the four entities, such that the time required is less than would be necessary for four totally separate and listed companies. They also note that Seneca Growth Capital has a number of shared portfolio companies with the OT VCTs. The Board was satisfied that Richard Roth had the time to focus on the requirements of the Company, and this has proven to be the case.

International Financial Reporting Standards

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

Environmental Policy

The Company always makes a full effort to conduct its business in a manner that is responsible to the environment.

Going Concern

The Company's business activities and the factors likely to affect its future performance and position are set out in the Chairman's Statement and Investment Manager's Report on pages 10 to 13 and pages 14 to 24. Further details on the management of financial risk may be found in note 16 to the Financial Statements.

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

As at 31 December 2018 the Company had more than £6m of cash and in addition, the other assets of the Company consist mainly of securities, some of which are readily realisable. As such, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Substantial Shareholdings

At 31 December 2018, two disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

- James Leek has disclosed a shareholding of 4.57% (555,340 shares).
- David Blundell has disclosed a shareholding of 3.04% (369,900 shares).

Annual General Meeting

The Notice convening the 2019 Annual General Meeting ("AGM") of the Company is set out at the end of this document (and a form of proxy in relation to the meeting is enclosed separately). Part of the business of the AGM will be to consider resolutions in relation to the following matters:

Resolution 6 will seek the re-appointment of UHY Hacker Young LLP as Independent Auditor to the Company.

Resolution 8 will authorise the Directors to allot further B Ordinary shares and Ordinary shares. This would enable the Directors until the next AGM to allot up to 31,000,000 B Ordinary shares in connection with any offer(s) for subscription (and any subsequent top up offer of B Ordinary shares) and up to 405,800 Ordinary shares (for any miscellaneous offers of such shares), representing approximately 575% of the Company's issued B Ordinary share capital and approximately 5% of its issued Ordinary share capital as at 25 April 2019.

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

Resolution 10 will authorise the Board, pursuant to the Act, to make one or more market purchases of up to 14.99% of the issued B Ordinary share capital of the Company from time to time. The price paid must not be less than 1p per B Ordinary share, nor more than 5% above the average middle market price of a B Ordinary share for the preceding five business days. Any B Ordinary shares bought back under this authority may be cancelled by the Board.

Resolution 11 will authorise the cancellation of the share premium account of the Company. This share premium account will arise on the issue of further B Ordinary Shares pursuant to any offer for subscription. All of the share premium account at the date of the order made by the Court confirming such cancellation will be cancelled, and will be used to establish a new reserve which may be treated as distributable and which can be used, among other things, to fund the Company's buy-back of shares and the payment of future dividends. In accordance with the VCT Rules, such distributable reserves cannot, however, be utilised for such purposes until after three years from the end of the accounting period in which the relevant shares were issued.

The Directors intend to use the authorities in Resolutions 8 and 9 for the purposes of a further offer for subscription of B Ordinary Shares, though may also subsequently utilise the authorities for further offer(s) for subscription or issue of B Ordinary Shares. The Directors have no current intention to utilise the authority in relation to the Ordinary Shares.

By Order of the Board

Craig Hunter
Company Secretary
26 April 2019

Corporate Governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide), as applied to companies reporting as at 31 December 2018.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board will report against the updated AIC Code at the end of the current financial year.

Board of Directors

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

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of the Investment Manager and Administration Manager;
- the performance of the Company, including monitoring of the discount of the share price to net asset value; and
- monitoring shareholder profiles and considering shareholder communications.

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

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

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

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

	Board meetings attended (13 held in year)	**Audit Committee meetings attended (3 held in year)**	**Management meetings attended (3 held in year)**
John Hustler	13	3	3
Charles Breese	13	3	3
Richard Roth	13	3	3
Richard Manley*	5	-	-

*Richard Manley was appointed to the Board on 23 August 2018. He attended all meetings following his appointment.

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

Performance Evaluation

In accordance with the AIC Code and guidance ("the Guide to Performance Appraisals for Non-executive directors of Investment Companies") each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and the directors in the form of one-to-one meetings between the Chairman and each director. The directors were made aware of the annual performance evaluation on their appointment. The Chairman provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. The performance of the Chairman was evaluated by the other Directors.

Audit Committee

The Board has appointed an Audit Committee to make recommendations to the Board in line with its terms of reference.

The committee is chaired by Richard Roth and consists of all four Directors. The Audit Committee believes Mr Roth possesses appropriate and relevant financial experience as per the requirements of the AIC Code. The Board considers that the members of the Committee have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee's terms of reference, and how it discharges its duties are listed on pages 37 and 38.

Internal Control

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board continually reviews financial results and investment performance.

Pennywise Accounting Limited continued their role as Administration Manager during the year having been appointed by the Board on 1 April 2017. Following the appointment of Seneca as Investment Manager, City Partnership, who also acted as receiving agent in relation to the B share Offer during the year, will become the custodian of the documents of title relating to the Company's unquoted investments, taking over from Larpent Newton & Co Ltd.

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

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

Financial Risk Management Objectives and Policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in note 16 to the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. In addition the Board is available to answer any questions a shareholder may have and is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at the Company's registered office: 12 The Parks, Haydock, Newton-Le-Willows WA12 0JQ.

Compliance Statement

As previously indicated, the Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

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

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary as it does not have any executive directors.
2. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise.
3. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for this VCT at this time.
4. The Company does not have a Remuneration Committee as it does not have any executive directors.
5. The Company does not have a Nomination Committee as these matters are dealt with by the Board.

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

By Order of the Board

Craig Hunter
Company Secretary
26 April 2019

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 December 2018 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 35.

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

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

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

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets at least twice each year and on an ad hoc basis as necessary. It has direct access to the Company's external auditor. In October 2018, James Cowper Kreston tendered their resignation as auditors, as they had decided to withdraw from auditing Public Interest Entities (which includes VCTs) for the time being due to the increasing regulatory landscape and associated costs. Following a competitive tender instigated by the Committee, the Board appointed UHY Hacker Young LLP to fill the casual vacancy to audit the accounts for the year to 31 December 2018, and is happy to recommend UHY Hacker Young LLP for reappointment at the AGM in relation to the audit for the year ending 31 December 2019. UHY Hacker Young LLP do not provide any other non-audit services and as such, the Committee does not believe there is any risk that these-non audit services can influence their independence or objectivity due to the associated fee. When considering whether to recommend the reappointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms. Once the Committee has made a recommendation to the Board in relation to the appointment of the external auditor, this is then ratified at the AGM through an Ordinary Resolution.

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

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board.

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

During the period ended 31 December 2018, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration including appointing a new audit firm following a competitive tender after the resignation of the James Cowper Kreston;
- reviewing the external auditor's plan for the audit of the Company's Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing Pennywise's statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft Annual Financial and Interim results statements prior to Board approval;
- reviewing the Company's going concern status as referred to on page 32; and
- reviewing the external auditor's Audit Findings Report to the Committee on the annual Financial Statements.

The Committee has considered the Report and Financial Statements for the year ended 31 December 2018 and has reported to the Board that it considers them to be fair, balanced and understandable and providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Significant Risks

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

- Valuation and ownership of investment portfolio: The Auditors give special audit consideration to the valuation and ownership of investments and the supporting data provided by Pennywise and the Board of Seneca Growth Capital. The impact of this risk could be a large movement in the Company's net asset value. The valuations are supported by investee company audited Financial Statements and/or third party evidence. These give comfort to the Audit Committee.
- Management override of financial controls: The Auditors specifically review all significant accounting estimates that form part of the Financial Statements and consider any material judgements applied by the Board or Investment Manager during the preparation of the Financial Statements.
- Compliance with HMRC conditions for maintenance of approved VCT status: Philip Hare & Associates LLP provide the Company with advice on the on-going compliance with the HMRC rules and regulations concerning VCTs.
- Recognition of revenue from investments: Revenue is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. The Company had no revenue in 2018, and Pennywise has confirmed this to the Audit Committee.

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

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the Financial Statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the Financial Statements for the year ended 31 December 2018.

Richard Roth
Audit Committee Chairman
26 April 2019

Directors’ Remuneration Report and Policy

Introduction

This report is submitted in accordance with the requirements of s420-422 of the Companies Act 2006, in respect of the year ended 31 December 2018. A resolution to approve the Directors’ Remuneration Policy and the Directors’ Remuneration Report will be proposed at the Annual General Meeting on 10 June 2019. The statement of Directors’ Remuneration Policy was last approved by shareholders at the Annual General Meeting on 2 June 2016, with the Directors’ Remuneration Report approved at last year’s AGM.

The Company’s independent auditor, UHY Hacker Young LLP, is required to give its opinion on certain information included in this report as indicated below. Their report on these and other matters is set out on pages 42 to 46.

Consideration by the Directors of Matters Relating to Directors’ Remuneration

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

Statement of the Company’s policy on Directors’ Remuneration

The Board manages the Company and consists of four Directors, who meet formally as a Board at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company’s affairs. Seneca was appointed as the Company’s Investment Manager on 23 August 2018 and are responsible for the management of the investments made from the B share pool, although management of the investments in the Company’s Ordinary share pool has been delegated to the members of the Board of the Company serving immediately prior to the appointment of Seneca (the Commercial Advisory Committee or “CAC”). Directors are appointed with the expectation that they will serve for a period of at least three years. All Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent Annual General Meeting. Directors who have served for more than nine years are subject to annual re-election in line with practices recommended in the AIC Corporate Governance Code. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director has received a letter of appointment. A Director may resign by notice in writing to the Board at any time. With effect from 7 October 2015, the Directors who served prior to that date are entitled to compensation payable upon early termination of their contract in respect of any unexpired notice period and a pro rata proportion of any performance fees payable to the Commercial Advisory Committee accruing at the date of resignation up to five years from the date of resignation.

Each Director’s annual fee is currently £12,750 per annum inclusive of all expenses. It is intended that Directors’ fees will be reviewed contemporaneously with the appointment of at least one more new Director.

The performance incentive fee relevant to those Directors serving up to 7 October 2015 were revised under an agreement dated 7 October 2015. The new arrangements froze the sum due to those Directors serving up to 7 October 2015 at £702,000 (the accrued liability as disclosed in the 2014 audited Financial Statements) which will only start to become payable once a further 55.75p of dividends have been paid in respect of each share (such that original subscribing shareholders will have received 80p per share in dividends): of this 55.75p of dividends, 10p was paid on 25 January 2019 and the Board has indicated its intention to approve a further dividend of 18p in the near future. This liability will then be paid at the rate of 25% of subsequent dividends until a liability of £702,000 has been discharged; this is in keeping with the original approved arrangement. No liability will be payable to any relevant Director after five years from his resignation from the Company. Following the payment of this liability, any further performance fee in the future will be payable at the reduced rate of 10% of total distributions above the audited total return at 31 December 2014, with the outstanding balance subject to a hurdle rate of 6% per annum, and will be split between the CAC based on a formula driven by relative length of service starting from 7 October 2015. Further details of the revised arrangements are set out in note 6 to the Financial Statements.

The Directors may at their discretion pay additional sums in respect of specific tasks carried out by individual Directors on behalf of the Company. In this context, an additional one off payment has been made to Richard Roth of £5,000 as compensation for work undertaken in relation to the setting up of the new B share pool and preparation of the prospectus associated with the offer for subscription for new B shares launched on 9 May 2018. Half of this was charged directly to the Company, and half was paid by Seneca.

Company Performance

The Board is responsible for the Company's investment strategy and performance. The performance table on page 25 shows the performance of the Company.

Directors' Emoluments (Information Subject to Audit)

Amount of each Director's emoluments:

Directors' fees	Year ended 31 December 2018 £	Year ended 31 December 2017 £
John Hustler (Chairman)	**12,750**	12,750
Charles Breese	**12,750**	12,750
Richard Roth	**15,250**	12,750
Richard Manley	**-**	-
Total	**40,750**	38,250

Richard Manley, a director of the Investment Manager, has elected to waive his Director's fee, until the operating costs are less than the expenses cost cap.

The Directors did not receive any other form of emoluments in addition to the directors' fees during the year. John Hustler, Charles Breese and Richard Roth, as members of the CAC, may be entitled to performance fees in the future as referred to above. Directors may be entitled to fees from investee companies when acting on the Company's behalf as Director, Observer or Consultant to those investees.

By order of the Board

Craig Hunter
Company Secretary
26 April 2019

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

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

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

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

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

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

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

On behalf of the Board

John Hustler
Chairman
26 April 2019

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

Opinion

We have audited the Financial Statements of Seneca Growth Capital VCT Plc for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the Company's return 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 26 to 27 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 26 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 32 in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit;
- the Directors' explanation set out on page 32 in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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.

We identified the following risks that we believe had the greatest impact on our audit strategy and scope:

Key risks	**Approach taken for the assessed risks**
The carrying value of the investments and the recognition of realised and unrealised 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 and have the greatest impact on both the income statement and balance sheet.	For quoted shares, we tested the value of the year-end investments by reference to market price information at the year-end. Measurement of the value of unquoted investments included significant assumptions and judgement. Our audit work included, but was not restricted to, obtaining an understanding of how the valuations were performed, consideration of whether they were made in accordance with published guidance, discussions with management, and reviewing and challenging the basis and reasonableness of assumptions made by management in conjunction with available supporting information. The purchase and sale of investments were agreed to contract notes and cash movements on a sample basis. The realised gains and losses on the sale of investments were re-calculated for both the individual transactions on a sample basis and for the total portfolio.
Compliance with the VCT rules is necessary to maintain the VCT status and associated tax benefits.	Our audit work in respect of the compliance with the VCT rules involved testing the conditions for maintaining approval as a VCT as set out by HMRC. Each of the conditions was tested in turn in order to assess whether it had been met as at the year-end.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of misstatements on our audit and on the Financial Statements. We define financial statement materiality as the magnitude by which misstatements, including omission, could influence the economic decisions taken on the basis of the Financial Statements by reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the Financial Statements as a whole.

We determine materiality for the Financial Statements as a whole to be £190,000. In determining this we based our assessment on an average of four key indicators, being turnover, the return before tax, the net assets and gross assets of the Company. 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, being £142,500.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £9,500 which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our 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 sufficient work to be able to give an opinion on the Financial Statements as a whole, taken 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. 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.

Other information

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

- **Fair, balanced and understandable set out on page 30** – the statement given by the Directors that they consider the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit Committee reporting set out on pages 37 and 38** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 36** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 41, 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.

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/auditors/audit-assurance. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by Seneca Growth Capital VCT Plc on 16 November 2018. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's' members as a body, for our audit work, for this report, or for the opinions we have formed.

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

26 April 2019

Income Statement

		Combined Year to 31 December 2018			Combined Year to 31 December 2017		
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Gain on disposal of fixed asset investments	10	**-**	**903**	**903**	-	19	19
Loss on valuation of fixed asset investments	10	**-**	**(716)**	**(716)**	-	(359)	(359)
Income	2	**-**	**-**	**-**	-	-	-
Performance fee	6	**-**	**(26)**	**(26)**	-	91	91
Investment management fee net of cost cap	3	**36**	**(18)**	**18**	-	-	-
Other expenses	4	**(113)**	**-**	**(113)**	(118)	-	(118)
Return on ordinary activities before tax		**(77)**	**143**	**66**	**(118)**	**(249)**	**(367)**
Taxation on return on ordinary activities	7	**-**	**-**	**-**	-	-	-
Return on ordinary activities after tax		**(77)**	**143**	**66**	**(118)**	**(249)**	**(367)**
Return on ordinary activities after tax attributable to: Owners of the fund		**(77)**	**143**	**66**	(118)	(249)	(367)

There was no other Comprehensive Income recognised during the year

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

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

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

Ordinary Share Income Statement (non-statutory analysis)

		Ordinary shares Year to 31 December 2018			Ordinary shares Year to 31 December 2017		
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Note	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gain on disposal of fixed asset investments	10	**-**	**903**	**903**	-	19	19
Loss on valuation of fixed asset investments	10	**-**	**(716)**	**(716)**	-	(359)	(359)
Income	2	**-**	**-**	**-**	-	-	-
Performance fee	6	**-**	**(26)**	**(26)**	-	91	91
Investment management fee	3	**-**	**-**	**-**	-	-	-
Other expenses	4	**(59)**	**-**	**(59)**	(118)	-	(118)
Return on ordinary activities before tax		**(59)**	**161**	**102**	**(118)**	**(249)**	**(367)**
Taxation on return on ordinary activities	7	**-**	**-**	**-**	-	-	-
Return on ordinary activities after tax		**(59)**	**161**	**102**	**(118)**	**(249)**	**(367)**
Return on ordinary activities after tax attributable to: Owners of the fund		**(59)**	**161**	**102**	(118)	(249)	(367)
Earnings per share – basic and diluted	**8**	**(0.7)p**	**2.0p**	**1.3p**	**(1.5)p**	**(3.0)p**	**(4.5p)**

B Share Income Statement (non-statutory analysis)

		B shares Year to 31 December 2018			B shares Year to 31 December 2017		
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Gain on disposal of fixed asset investments	10	**-**	**-**	**-**	-	-	-
Loss on valuation of fixed asset investments	10	**-**	**-**	**-**	-	-	-
Income	2	**-**	**-**	**-**	-	-	-
Performance fee	6	**-**	**-**	**-**	-	-	-
Investment management fee net of cost cap	3	**36**	**(18)**	**18**	-	-	-
Other expenses	4	**(54)**	**-**	**(54)**	-	-	-
Return on ordinary activities before tax		**(18)**	**(18)**	**(36)**	**-**	**-**	**-**
Taxation on return on ordinary activities	7	**-**	**-**	**-**	-	-	-
Return on ordinary activities after tax		**(18)**	**(18)**	**(36)**	**-**	**-**	**-**
Return on ordinary activities after tax attributable to: Owners of the fund		**(18)**	**(18)**	**(36)**	-	-	-
Earnings per share – basic and diluted	**8**	**(0.45)p**	**(0.45)p**	**(0.9)p**	**-**	**-**	**-**

Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital redemption reserve £'000	Capital reserve gains/ (losses) £'000	Capital reserve holding gains/ (losses) £'000	Revenue reserve £'000	Total £'000
As at 1 January 2017	4,058	-	3,397	38	(121)	(53)	(1,772)	5,547
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(118)	(118)
Performance fee allocated as capital expenditure	-	-	-	-	91	-	-	91
Current period gains on disposal	-	-	-	-	19	-	-	19
Current period losses on fair value of investments	-	-	-	-	-	(359)	-	(359)
Prior years' unrealised losses now realised	-	-	-	-	(421)	421	-	-
Balance as at 31 December 2017	**4,058**	**-**	**3,397**	**38**	**(432)**	**9**	**(1,890)**	**5,180**
B share issue	40	3,995	-	-	-	-	-	4,035
Capital restructuring	(3,977)	-	-	3,977	-	-	-	-
Capital reduction	-	(3,427)	7,442	(4,015)	-	-	-	-
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(77)	(77)
Expenses charged to capital	-	-	-	-	(18)	-	-	(18)
Performance fee allocated as capital expenditure	-	-	-	-	(26)	-	-	(26)
Current period gains on disposal	-	-	-	-	903	-	-	903
Current period losses on fair value of investments	-	-	-	-	-	(716)	-	(716)
Prior years' unrealised losses now realised	-	-	-	-	602	(602)	-	-
Balance as at 31 December 2018	**121**	**568**	**10,839**	**-**	**1,029**	**(1,309)**	**(1,967)**	**9,281**

Refer to note 14 for details of the share restructure and capital reduction undertaken in the year.

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

Ordinary Shares - Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital redemption reserve £'000	Capital reserve gains/ (losses) £'000	Capital reserve holding gains/ (losses) £'000	Revenue reserve £'000	Total £'000
As at 1 January 2017	4,058	-	3,397	38	(121)	(53)	(1,772)	5,547
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(118)	(118)
Performance fee allocated as capital expenditure	-	-	-	-	91	-	-	91
Current period gains on disposal	-	-	-	-	19	-	-	19
Current period losses on fair value of investments	-	-	-	-	-	(359)	-	(359)
Prior years' unrealised losses now realised	-	-	-	-	(421)	421	-	-
Balance as at 31 December 2017	**4,058**	**-**	**3,397**	**38**	**(432)**	**9**	**(1,890)**	**5,180**
Capital restructuring	(3,977)	-	-	3,977	-	-	-	-
Capital reduction	-	-	4,015	(4,015)	-	-	-	-
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(59)	(59)
Expenses charged to capital	-	-	-	-	-	-	-	-
Performance fee allocated as capital expenditure	-	-	-	-	(26)	-	-	(26)
Current period gains on disposal	-	-	-	-	903	-	-	903
Current period losses on fair value of investments	-	-	-	-	-	(716)	-	(716)
Prior years' unrealised gains now realised	-	-	-	-	602	(602)	-	-
Balance as at 31 December 2018	**81**	**-**	**7,412**	**-**	**1,047**	**(1,309)**	**(1,949)**	**5,282**

B Shares - Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital redemption reserve £'000	Capital reserve gains/ (losses) £'000	Capital reserve holding gains/ (losses) £'000	Revenue reserve £'000	Total £'000
As at 1 January 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B share issue	40	3,995	-	-	-	-	-	4,035
Capital reduction	-	(3,427)	3,427	-	-	-	-	-
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(18)	(18)
Expenses charged to capital	-	-	-	-	(18)	-	-	(18)
Balance as at 31 December 2018	**40**	**568**	**3,427**	**-**	**(18)**	**-**	**(18)**	**3,999**

Balance Sheet

	Note	Combined as at 31 December 2018 £'000	£'000	Combined as at 31 December 2017 £'000	£'000
Fixed asset investments*	10		**3,293**		5,564
Current assets:					
Debtors	11	**23**		7	
Cash at bank and in hand/(Bank overdraft)		**6,446**		(160)	
Creditors: amounts falling due within one year	12	**(291)**		(67)	
Net current assets			**6,178**		(220)
Creditors: amounts falling due after more than one year	12	**(190)**		(164)	
Net assets			**9,281**		5,180
Called up equity share capital	13		**121**		4,058
Share premium	14		**568**		-
Special distributable reserve	14		**10,839**		3,397
Capital redemption reserve	14		**-**		38
Capital reserve – realised gains and losses	14		**1,029**		(432)
– holding gains and losses	14		**(1,309)**		9
Revenue reserve	14		**(1,967)**		(1,890)
Total equity shareholders' funds			**9,281**		5,180

**At fair value through profit and loss*

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

The statements were approved by the Directors and authorised for issue on 26 April 2019 and are signed on their behalf by:

John Hustler
Chairman
Company No: 04221489

Ordinary Share Balance Sheet (non-statutory analysis)

		Ordinary shares as at 31 December 2018		Ordinary Shares as at 31 December 2017	
	Note	£'000	£'000	£'000	£'000
Fixed asset investments*	10		**2,793**		5,564
Current assets:					
Debtors	11	**-**		7	
Cash at bank and in hand/(Bank overdraft)		**2,738**		(160)	
Creditors: amounts falling due within one year	12	**(59)**		(67)	
Net current assets			**2,679**		(220)
Creditors: amounts falling due after more than one year	12	**(190)**		(164)	
Net assets			**5,282**		5,180
Called up equity share capital	13		**81**		4,058
Share premium	14		**-**		-
Special distributable reserve	14		**7,412**		3,397
Capital redemption reserve	14		**-**		38
Capital reserve – realised gains and losses	14		**1,047**		(432)
– holding gains and losses	14		**(1,309)**		9
Revenue reserve	14		**(1,949)**		(1,890)
Total equity shareholders' funds			**5,282**		5,180
Net asset value per share	9		**65.1p**		63.8p

**At fair value through profit and loss*

B Share Balance Sheet (non-statutory analysis)

		B shares as at 31 December 2018		B shares as at 31 December 2017	
	Note	£'000	£'000	£'000	£'000
Fixed asset investments*	10		**500**		
Current assets:					-
Debtors	11	**23**			
Cash at bank and in hand		**3,708**		-	
Creditors: amounts falling due within one year	12	**(232)**		-	
Net current assets			**3,499**		-
Creditors: amounts falling due after more than one year	12	**-**		-	
Net assets			**3,999**		-
Called up equity share capital	13		**40**		-
Share premium	14		**568**		-
Special distributable reserve	14		**3,427**		-
Capital redemption reserve	14		**-**		-
Capital reserve – realised gains and losses	14		**(18)**		-
– holding gains and losses	14		**-**		-
Revenue reserve	14		**(18)**		-
Total equity shareholders' funds			**3,999**		-
Net asset value per share	9		**99.1p**		-

**At fair value through profit and loss*

Statement of Cash Flows

	Note	Combined Year to 31 December 2018 £'000	Combined Year to 31 December 2017 £'000
Cash flows from operating activities			
Return on ordinary activities before tax		**66**	(367)
Adjustments for:			
Increase in debtors	11	**(16)**	(3)
Increase/(Decrease) in creditors	12	**31**	(79)
Gain on disposal of fixed assets	10	**(903)**	(19)
Loss on valuation of fixed asset investments	10	**716**	359
Cash from operations		**(106)**	(109)
Income taxes paid	7	**-**	-
Net cash used in operating activities		**(106)**	(109)
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(500)**	-
Sale of fixed asset investments	10	**2,958**	134
Total cash flows from investing activities		**2,458**	134
Cash flows from financing activities			
Issue of B shares		**4,035**	-
Awaiting B share issue		**219**	-
Total cash flows from financing activities		**4,254**	-
Increase in cash and cash equivalents		**6,606**	25
Opening cash and cash equivalents		**(160)**	(185)
Closing cash and cash equivalents		**6,446**	(160)

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

Ordinary Shares Statement of Cash Flows

	Note	Ordinary shares Year to 31 December 2018 £'000	Ordinary shares Year to 31 December 2017 £'000
Cash flows from operating activities			
Return on ordinary activities before tax		**102**	(367)
Adjustments for:			
Decrease/(Increase) in debtors	11	**7**	(3)
Increase/(Decrease) in creditors	12	**18**	(79)
Gain on disposal of fixed assets	10	**(903)**	(19)
Loss on valuation of fixed asset investments	10	**716**	359
Cash from operations		**(60)**	(109)
Income taxes paid	7	**-**	-
Net cash used in operating activities		**(60)**	(109)
Cash flows from investing activities			
Purchase of fixed asset investments	10	**-**	-
Sale of fixed asset investments	10	**2,958**	134
Total cash flows from investing activities		**2,958**	134
Cash flows from financing activities			
Total cash flows from financing activities		**-**	-
Increase in cash and cash equivalents		**2,898**	25
Opening cash and cash equivalents		**(160)**	(185)
Closing cash and cash equivalents		**2,738**	(160)

B Shares Statement of Cash Flows

	Note	B shares Year to 31 December 2018 £'000	B shares Year to 31 December 2017 £'000
Cash flows from operating activities			
Return on ordinary activities before tax		**(36)**	-
Adjustments for:			
Increase in debtors	11	**(23)**	-
Increase/(Decrease) in creditors	12	**13**	-
Gain on disposal of fixed assets	10	**-**	-
Loss on valuation of fixed asset investments	10	**-**	-
Cash from operations		**(46)**	-
Income taxes paid	7	**-**	-
Net cash used in operating activities		**(46)**	-
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(500)**	-
Sale of fixed asset investments	10	**-**	-
Total cash flows from investing activities		**(500)**	-
Cash flows from financing activities			
Issue of B shares		**4,035**	-
Awaiting B share issue		**219**	-
Total cash flows from financing activities		**4,254**	-
Increase in cash and cash equivalents		**3,708**	-
Opening cash and cash equivalents		**-**	-
Closing cash and cash equivalents		**3,708**	-

Notes to the Financial Statements

1. Principal Accounting Policies

Basis of preparation

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ("GAAP"), including FRS 102 and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (revised 2014)'.

The principal accounting policies have remained materially unchanged from those set out in the Company's 2017 Annual Report and Financial Statements, apart from an addition to the policy on allocating expenses partly to capital as a result of the introduction of an investment management fee for the B shares, and clarifying the split of costs between the two share pools. A summary of the principal accounting policies is set out below.

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

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

Going Concern

After reviewing the Company's forecasts and expectations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its Financial Statements.

Key judgements and estimates

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

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Unquoted investments are valued in accordance with current International Private Equity and Venture Capital Valuation (IPEV) guidelines, which can be found on their website at www.privateequityvaluation.com, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of investee companies and liquidity or marketability of the investments held.

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

Functional and presentational currency

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

Cash and cash equivalents

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

Fixed asset investments

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

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

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

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

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

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

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

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

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

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

There have been no transfers between these classifications in the year (2017: none). The change in fair value for the current and previous year is recognised through the profit and loss account.

Current asset investments

No current asset investments were held at 31 December 2018 or 31 December 2017. Should current assets be held, gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve - gains/(losses) on disposal.

Income

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

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue with the exception of the performance fee, which is charged 100% to the capital reserve. In addition, the investment management fee charged to the B shares has been split 25% revenue and 75% capital, in line with industry practice and to reflect the Board's estimated split of investment returns which will be achieved by the company's B shares over the long term. Expenses and liabilities not specific to a share class are allocated to the B share pool for a period of three years from 1 July 2018 in line with the Articles of Association.

Revenue and capital

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

Taxation

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

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

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

Financial instruments

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

Capital management is monitored and controlled using the internal control procedures set out on page 35 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

The Company does not have any externally imposed capital requirements.

Reserves

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

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

Special distributable reserve – includes cancelled share premium and capital redemption reserves available for distribution.

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

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

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

Dividends Payable

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

2. Income

	Year to 31 December 2018 £'000	**Year to 31 December 2017 £'000**
Dividends received	**-**	-
Loan note interest receivable	**-**	-
	-	-

3. Investment Management Fee for B shares

	Year to 31 December 2018 £'000	**Year to 31 December 2017 £'000**
Gross Investment management fee	**24**	-
Cost cap refund from Seneca	**(42)**	-
Investment management fee net of cost cap	**(18)**	-

Following its appointment on 23 August 2018, Seneca has received a fee of 2% of the weighted average net asset value of the B shares (2017: n/a). Seneca will also be entitled to certain monitoring fees from investee companies and the Board reviews the amounts.

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

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

For a three year period with effect from 1 July 2018, expenses are capped at 3% of the weighted average net asset value of the B shares, including the management fee (but excluding any performance fee). (Following this initial period, expenses are capped at 3% of the Company's total net asset value, including the assets in the Ordinary share pool). Accordingly Seneca reduced its management fee by £42,000 in the year to 31 December 2018 (2017: n/a).

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

4. Other Expenses

	Year to 31 December 2018 £'000	**Year to 31 December 2017 £'000**
Directors' remuneration	**41**	38
Fees payable to the Company's auditor for the audit of the Financial Statements	**14**	8
Fees payable to the Company's auditor for other services – tax compliance	**-**	1
Legal and professional expenses	**38**	41
Accounting and administration services	**9**	14
Other expenses	**11**	16
	113	118

All expenses were charged to the Ordinary shares for the period to 30 June 2018. In line with the offer for subscription for B shares, and following the initial allotment of B shares on 23 August 2018, all the Company's general expenses are chargeable to the B share pool for a period of three years from 1 July 2018 (subject to the cost cap discussed in note 3). Any expenditure related specifically to assets in one pool is chargeable to that pool.

5. Directors' Remuneration

Directors' emoluments:	**Year to 31 December 2018 £**	**Year to 31 December 2017 £**
John Hustler (Chairman)	**12,750**	12,750
Charles Breese	**12,750**	12,750
Richard Roth	**15,250**	12,750
Richard Manley	**-**	-
	40,750	38,250

Richard Manley, a director of the Investment Manager, has elected to waive his Director's fee, until the Company's operating costs are less than the expenses cost cap.

Included in the figure above for Richard Roth is £2,500 for work undertaken in relation to the setting up of the new B share structure and preparation of the offer for subscription as detailed in the Directors' Remuneration Report. Apart from this, none of the Directors received any other remuneration from the Company during the year.

Certain Directors may become entitled to receive a share of the Performance Incentive Fee related to the Ordinary share pool as detailed in the Directors' Remuneration Report on page 39 and in note 6.

The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was three (2017: three). Richard Manley joined the Board on 23 August 2018 which increased the number of directors for the remainder of the year from 3 to 4.

6. Performance fees for Ordinary shares

The Commercial Advisory Committee took over management of the Company's investments on 30 July 2007, and at that time, a revised Performance Incentive Scheme was implemented, such that its members would be entitled to 20% of all cash returns above the initial net cost to subscribing shareholders of 80p.

On 7 October 2015, this scheme was varied such that any returns above the 31 December 2014 levels would be subject to a hurdle, and the share to the CAC reduced from 20% to 10%. The hurdle is a compound 6% per annum on any amounts below the latest hurdle still due to be paid to shareholders (i.e. in recognition of dividends paid, actual returns to shareholders will be subtracted from the compounding threshold in the year these are paid).

The Total Gross Return at 31 December 2014 on which the performance fee liability of £702,000 was calculated was 123.3p, resulting in the quoted net asset value of 114.6p. For the purposes of this note 6, Total Gross Return is defined as the total return made by the fund, before the deduction of any dividend payments or accruals and/or payments made relating to any potential (or actual) performance incentive fee.

Any dividends paid above 80p will be split 80% to shareholders and 20% to the members of the CAC as at 31 December 2014 (i.e. 25% of all dividends paid to shareholders), until shareholders have received dividends totalling 114.6p.

A performance fee may be payable on any further dividends above this level, but only if the hurdle applicable at that time has been met.

As at 31 December 2018, the Total Gross Return is 91.68p, and so 2.34p per share totalling £190,000 has been accrued (31 December 2017, 90.1p, 2.02p and £164,000).

Assuming the only dividends paid on the Ordinary shares in the year are the 10p dividend per share paid on 25 January 2019, and the 18p per share expected to be declared soon after this Annual Report has been submitted to Companies House, the Total Gross Return would need to exceed 152.9p at 31 December 2019 before any fee above £702,000 could be due, and at that time, it would be 10% of any cash payments made above this threshold. If such a performance fee is not triggered (as it has not been in this financial year) the hurdle, net of dividends paid, increments by a compound annual growth rate of 6%, applied quarterly.

7. Tax on Ordinary Activities

The corporation tax charge for the period was £nil (2017: £nil).
The current rate of tax is the small companies' rate of corporation tax at 19% (2017: 19.25 %)

Current tax reconciliation:	**Year to 31 December 2018 £'000**	**Year to 31 December 2017 £'000**
Return on Ordinary activities before tax	**66**	(367)
Current tax at 19% (2017: 19.25%)	**13**	(71)
Gains/losses not subject to tax	**(36)**	65
Excess management expenses carried forward	**23**	6
Total current tax charge and tax on results of ordinary activities	**-**	-

The company has excess management expenses of £2,741,000 (2017: £2,619,000) to carry forward to offset against future taxable profits.

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

8. Earnings per Share

The earnings per Ordinary share is based on 8,115,376 (31 December 2017: 8,115,376) shares, being the weighted average number of Ordinary shares in issue during the year, and a return for the year totalling £102,000 (31 December 2017: (£367,000)).

The earnings per B share is based on 3,412,545 (31 December 2017: nil) shares, being the weighted average number of B shares in issue since 23 August 2018, and a return for the year totalling (£36,000) (31 December 2017: nil).

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

9. Net Asset Value per Share

The calculation of NAV per Ordinary share as at 31 December 2018 is based on 8,115,376 Ordinary shares in issue at that date (31 December 2017: 8,115,376).

The calculation of NAV per B share as at 31 December 2018 is based on 4,036,370 B shares in issue at that date (31 December 2017: nil).

10. Fixed Asset Investments

Ordinary shares

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost as at 1 January 2018	1,129	4,426	5,555
Cumulative revaluation	906	(897)	9
Valuation at 1 January 2018	**2,035**	**3,529**	**5,564**
Movement in the year:			
Purchases at cost	-	-	-
Disposal proceeds	(31)	(2,927)	(2,958)
Gain/(loss) on disposal	6	897	903
Revaluation in year	(549)	(167)	(716)
Valuation at 31 December 2018	**1,461**	**1,332**	**2,793**
Book cost at 31 December 2018	1,117	2,985	4,102
Revaluation to 31 December 2018	344	(1,653)	(1,309)
Valuation at 31 December 2018	**1,461**	**1,332**	**2,793**

B Shares

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost as at 1 January 2018	-	-	-
Cumulative revaluation	-	-	-
Valuation at 1 January 2018	**-**	**-**	**-**
Movement in the year:			
Purchases at cost	-	500	500
Disposal proceeds	-	-	-
Gain/(loss) on disposal	-	-	-
Revaluation in year	-	-	-
Valuation at 31 December 2018		**500**	**500**
Book cost at 31 December 2018	-	500	500
Revaluation to 31 December 2018	-	-	-
Valuation at 31 December 2018	**-**	**500**	**500**

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Report on pages 14 to 24.

All investments are initially measured at fair value through profit or loss, and all capital gains or losses on investments are so measured. The changes in fair value of such investments recognised in these Financial Statements are treated as unrealised holding gains or losses.

11. Debtors

	31 December 2018 £'000	31 December 2017 £'000
Prepayments and accrued income	**23**	7
	23	7

12. Creditors

	31 December 2018 £'000	31 December 2017 £'000
Amounts falling due within one year		
Accruals	**43**	34
Trade creditors	**-**	4
Awaiting B share issue	**219**	-
Other creditors	**29**	29
Total amounts falling due within one year	**291**	67
Amounts falling due after one year		
Accruals	**190**	164
Total amounts falling due after one year	**190**	164

The amount falling due after more than one year relates to the potential liability for a performance fee on the Ordinary share portfolio. More details are in note 6.

13. Share Capital

	31 December 2018 £'000	31 December 2017 £'000
Allotted and fully paid up:		
8,115,376 Ordinary shares of 1p (2017: 8,115,376 shares of 50p)	**81**	4,058
4,036,370 B Ordinary shares of 1p (2017 : nil)	**40**	-
	121	4,058

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set on page 8. During the year, the Company did not issue, nor buy back, any Ordinary shares. On 5 April 2018, following approval at the Company's annual general meeting, the nominal value of the Ordinary shares was reduced from 50p to 1p. More details are included in the Chairman's Statement on page 10 and in note 14.

The Company issued a total of 4,036,370 B Ordinary shares at prices between 99.7p and 105.8p per B Ordinary share. pursuant to an offer for subscription for B shares launched on 9 May 2018 to raise, in aggregate, up to £10 million with an over-allotment facility of up to a further £10 million (before issue costs). The Company has not bought back any B Ordinary shares.

14. Movement in Shareholders’ Funds

	Year ended 31 December 2018 £’000	Year ended 31 December 2017 £’000
Shareholders’ funds at start of year	**5,180**	5,547
Return on ordinary activities after tax	**66**	(367)
Increase due to issue of B shares	**4,035**	-
Shareholders’ funds at end of year	**9,281**	5,180

The analysis of changes in equity by the various reserves are shown in the Statement of Changes in Equity on page 50.

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

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

During 2010, the Company revoked investment company status in order to allow payment of dividends from distributable reserves. During 2018, the Company effected a capital reduction exercise, whereby the nominal value of its Ordinary shares was reduced from 50p to 1p, creating a capital redemption reserve. The Company also issued 4,036,370 B shares at a premium. On 7 December 2018, following shareholder approval, the Company sought, and received approval from the High Court to the reduction of the amount standing to the credit of the Capital Redemption Reserve of the Company by £4,014,135 and of the Share Premium Account of the Company by £3,427,184, thereby creating additional distributable reserves of £7,441,319. Distributable reserves are represented by the special distributable reserve, the capital reserve gains/(losses) on disposal and the revenue reserve reduced by negative holding reserves (if any) which total £8,592,000 as at 31 December 2018 (2017: £1,075,000). Although the distributable reserves total £8,592,000 as at 31 December 2018, only £5,181,000 is actually able to be distributed as the reserves contain £ 3,427,000 from the cancellation of the share premium account on the newly issued B shares, which cannot be distributed until the beginning of 2022 without breaching VCT rules.

An interim capital dividend of 10 pence per Ordinary share for the year to 31 December 2018 was paid on 25 January 2019, reducing shareholder funds by £811,537.60.

15. Financial Instruments

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

Classification of financial instruments
The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2018 and 31 December 2017:

	31 December 2018 £'000	31 December 2017 £'000
Financial assets at fair value through profit or loss		
Fixed asset investments	**3,293**	5,564
Total	**3,293**	5,564
Financial assets measured at amortised cost		
Cash at bank and in hand	**6,446**	-
Debtors	**23**	7
Total	**6,469**	7
Financial liabilities measured at amortised cost		
Bank Overdraft	**-**	(160)
Creditors	**(29)**	(33)
Total	**(29)**	(193)

Fixed asset investments (see note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year end is equal to their book value.

The Company's creditors and debtors are recognised at fair value which is usually the transaction cost or net realisable value if lower.

As at 31 December 2017, the Company had an overdraft facility of £200,000 with the Royal Bank of Scotland, which was converted into a loan in April 2018, both of which were secured by a debenture. The loan was a liability of the Ordinary share pool and was repaid at the end of August 2018 once the company had access to the funds from the initial allotment of B shares, and the debenture was released. The funds in the B share pool have since been replenished from the proceeds from the Ordinary share pool's sale of its investment in Hallmarq.

16. Financial Risk Management

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

Market risk
The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 8. The management of market risk is part of the investment management process. The Company's portfolio is managed with regard to the possible effects of adverse price movements and with the objective of maximising overall returns to shareholders in the medium term. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised

stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out on page 15.

19.7% (2017: 68.1%) by value of the Company's net assets comprise investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 10% overall increase in the valuation of the unquoted investments at 31 December 2018 would have increased net assets and the total return for the year by £183,000 (2017: £353,000) disregarding the impact of the performance fee; an equivalent change in the opposite direction would have reduced net assets and the total return for the year by the same amount.

15.7% (2017: 39.3%) by value of the Company's net assets comprises equity securities quoted on AIM. A 10% increase in the bid price of these securities as at 31 December 2018 would have increased net assets and the total return for the year by £146,000 (2017: £204,000) disregarding the impact of the performance fee; a corresponding fall would have reduced net assets and the total return for the year by the same amount.

Credit risk
There were no significant concentrations of credit risk to counterparties at 31 December 2018 or 31 December 2017.

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

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

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

17. Events After the Balance Sheet Date

Since 31 December 2018:

Pursuant to the Offer, the Company has made the following allotments of B shares:

Date	Number of shares allotted	Allotment price range
7 March 2019	643,278	99.1p to 102.2p per share
3 April 2019	442,148	99.1p to 104.9p per share
5 April 2019	241,485	97.6p to 103.3p per share
25 April 2019	24,383	102.5p per share

As at 26 April 2019, the Company had a total of 5,387,664 B shares in issue

The Company has also made the following new investments from the B share pool

Company Name	Date of Investment	Amount subscribed	
Fabacus Holdings Limited	15 February 2019	£500,000	FABACUS
SkinBioTherapeutics Plc	21 February 2019	£750,000	SkinBioTherapeutics
Old St Labs Limited	28 March 2019	£500,000	Vizibl
Qudini Limited	4 April 2019	£500,000	

18. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments as at 31 December 2018 (2017: £nil).

19. Related Party Transactions

The Board acted as the investment manager of the Company until Seneca were appointed on 23 August 2018. No remuneration has been paid to the Board during the year in its capacity as investment manager. Certain Directors are entitled to participate in a performance bonus as detailed in note 6. Seneca have earnt £24,000 in management fees since 23 August 2018 (2% of the weighted average net assets of the B share portfolio). No payment has been made to Seneca, as £42,000 is recoverable from Seneca as a result of the cost cap, as detailed in note 3. Therefore at the year end, £18,000 was due from Seneca, which will be deducted from fees to be paid to them for services in 2019 (2017: nil).

Seneca accrued £19,997 (2017: £nil) transaction fees and directors' fees from investee companies. Seneca may also become entitled to a performance fee. See note 3 to the financial statements for more information on these fees.

As detailed in the offer for subscription document dated 9 May 2018, Seneca (as promoters of the offer) are entitled to charge the Company up to 5.5% of investors' subscriptions. A total of £40,596 has been paid to Seneca, based on the allotments of £4,035,000 as at 31 December 2018 (2017: n/a).

Charles Breese is a director of OR Productivity and received £nil from OR Productivity in fees for his support during the year (2017: £nil).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Seneca Growth Capital VCT Plc ("the Company") will be held at the offices of Howard Kennedy LLP, No 1 London Bridge, London SE1 9BG on Monday 10 June 2019 at 11.00 am for the following purposes:

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

1. THAT the Directors' Annual Report and Financial Statements and the auditors' report thereon for the year ended 31 December 2018 be received.
2. THAT the Remuneration Policy set out on pages 39 and 40 of the 2018 Annual Report which will take effect from the conclusion of the Meeting be received and approved.
3. THAT the Directors' Remuneration Report in respect of the year ended 31 December 2018 be approved.
4. THAT John Hustler aged 72, be re-elected as a Director of the Company.
5. THAT Richard Manley aged 39, be re-elected as a Director of the Company.
6. THAT UHY Hacker Young LLP be re-appointed as auditors of the Company until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the Members.
7. THAT the Directors be authorised to determine the auditor's remuneration.
8. AUTHORITY TO ALLOT RELEVANT SECURITIES

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

   a) B ordinary shares of 1p each in the capital of Company ("B Ordinary Shares") up to an aggregate nominal amount of £250,000 in connection with offer(s) for subscription;
   b) B Ordinary Shares for cash and otherwise than pursuant to sub-paragraph a. above, up to an aggregate nominal amount of £60,000; and
   c) ordinary shares of 1p each in the capital of Company ("Ordinary Shares") for cash, up to an aggregate nominal amount of £4,058

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

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

9. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

   THAT, in addition to existing authorities, the Directors pursuant to section 570(1) of the Act be and are hereby empowered to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority referred to in Resolution 8 as if section 561 (1) of the Act did not apply to any such allotments and so that:

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

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

10. AUTHORITY TO PURCHASE RELEVANT SECURITIES

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

    a) the maximum number of B Ordinary Shares hereby authorised to be purchased is an amount equal to 14.99% of the issued B Ordinary Share capital of the Company from time to time;
    b) the minimum price which may be paid for a B Ordinary Share is 1 pence per share, the nominal amount thereof;

c) the maximum price which may be paid for a B Ordinary Share is an amount equal to the higher of:
(i) 105% of the average of the middle market prices shown in the quotations for a B Ordinary Share in The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased; and
(ii) the amount stipulated by Article 5(6) of Market Abuse Regulation (596/2014/EU);

d) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the Company's Annual General Meeting next following the passing of this resolution and the date which is 15 months after the date on which this resolution is passed; and

e) the Company may make a contract or contracts to purchase its own B Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own B Ordinary Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

11. CANCELLATION OF THE SHARE PREMIUM ACCOUNT
THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the share premium account of the Company, at the date the Court Order is made confirming such cancellation, be and is hereby cancelled.

By order of the Board
Craig Hunter
Company Secretary
26 April 2019

Registered Office:
12 The Park
Haydock
Newton-Le-Willows
WA12 0JQ

NOTES:

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

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

iii) A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, a member may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Neville Registrars Limited, on 0121 585 1131 to request additional copies of the proxy form. For legal reasons Neville Registrars Limited will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. The member will need to indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as proxy, and will also need to indicate on the form (by ticking the box provided) if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

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

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

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

vii) A reply-paid Form of Proxy is enclosed with this document. To be valid, the enclosed Form of Proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited at the offices of the Company's registrar, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD so as to be received not later than 11.00 a.m. on 8 June 2019 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

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

ix) As at 26 April 2019 (being the last business day prior to the publication of this notice), the Company's issued share capital comprised 8,115,376 Ordinary Shares and 5,387,664 B Ordinary Shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 26 April 2019 was 13,503,040.

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

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

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

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

Directors and Advisers

Board of Directors

John Hustler (Chairman)
Charles Breese
Richard Manley
Richard Roth

Company Number

Registered in England & Wales
No 04221489

Secretary and Registered Office

Craig Hunter
12 The Parks, Haydock,
Newton-Le-Willows
WA12 0JQT

Administration Manager

Pennywise Accounting Ltd
Dickhurst House
Rodgate Lane
Haslemere
GU27 2EW

Corporate Broker

Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
Tel: 020 7886 2500

Investment Manager

Seneca Partners Limited
12 The Parks
Haydock
WA12 0JQ
Tel: 01942 271746

Independent Auditor

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London
E1W 1YW

VCT Adviser

Philip Hare & Associates LLP
Suite C – First Floor, 4-6 Staple Inn, Holborn
London WC1V 7QH

Bankers

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London
EC2R 8LA

Registrars

Neville Registrars Limited
Neville House
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Halesowen
B62 8HD
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www.nevilleregistrars.co.uk

Financial Adviser

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