SENECA
GROWTH CAPITAL VCT

Seneca Growth Capital VCT Plc

Annual Report and Financial Statements

For the year ended 31 December 2019

Company No: 04221489

Contents

Financial Headlines

Ordinary Shares

82.7p Ordinary share NAV plus cumulative dividends paid at 31 December 2019 ("Total Return")

30.4p Ordinary share NAV at 31 December 2019

28.0p Interim capital dividends paid per Ordinary share during year

B Shares

£2.3m Amount raised during the year from the issue of B shares

£2.25m Amount invested during the year into four new investee companies by B share pool

96.1p B share NAV plus cumulative dividends paid at 31 December 2019

93.1p B share NAV at 31 December 2019

3.0p Interim dividends paid per B share during year

Financial Summary

	Year to 31 December 2019 Ordinary share pool	Year to 31 December 2019 B share pool	Year to 31 December 2018 Ordinary share pool	Year to 31 December 2018 B share pool
Net assets (£'000s)	**2,463**	**5,921**	5,282	3,999
Return on ordinary activities after tax (£'000s)	**(547)**	**(168)**	102	(36)
Earnings per share (p)	**(6.7)**	**(3.2)**	1.3	(0.9)
Net asset value per share (p)	**30.4**	**93.1**	65.1	99.1
Dividends paid since inception (p)	**52.25**	**3.0**	24.25	-
Total return (NAV plus cumulative dividends paid) (p)	**82.65**	**96.1**	89.35	99.1

Financial Calendar

The Company's financial calendar is as follows:

28 April 2020 Annual General Meeting will be held at 11.00 a.m. at Greater Manchester Chamber of Commerce, Elliot House, 151 Deansgate, Manchester, M3 3WD

September 2020 Half-yearly results to 30 June 2020 published

February 2021 Annual results for the year to 31 December 2020 announced and Annual Report and Financial Statements published

About Seneca Growth Capital VCT Plc

Seneca Growth Capital VCT Plc (“the Company” or “Seneca Growth Capital”) is a Venture Capital Trust and was launched in 2001. Until 23 August 2018 the Company was called Hygea vct plc, formerly known as BioScience VCT Plc, had only one share class (the “Ordinary” shares) and had raised a total of £7.8 million 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 which closed in April 2019. A new offer of B shares was launched on 16 July 2019 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 2019, the Company had allotted a total of 6,361,448 B shares and had raised a total of £6.3 million.

The Company is registered as a small UK Alternative Investment Fund Manager (AIFM) with a Board comprising of four non-executive directors, three of whom are independent.

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

The Company continues to manage both share classes in accordance with its investment policy, having expanded the range of qualifying investments in 2019.

No new investments have been made in the Ordinary share pool during 2019. The Directors continue to seek to return to Ordinary shareholders over time the proceeds from any realisations in the form of dividends or by means of a return of capital.

The funds raised from the issue of B shares under the Offer and any subsequent fund raisings are not limited to being invested in any specific sector. Instead, the Company’s B share pool 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. Four new investments were made by the B share pool during the year, details of which are included on pages 21 to 24. The Company intends to distribute a proportion of the net profits it receives from realisations by way of special tax-free dividends. This is intended to provide investors with an attractive income stream whilst also maintaining a relatively stable Net Asset Value (“NAV”) per B share, subject to the requirements and best interests of the Company.

Venture Capital Trusts (VCTs)

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

The Company has been approved as a VCT by HM Revenue & Customs (HMRC). In order to maintain its approval, the Company must comply with certain requirements on a continuing basis which are discussed further in the Business Review on pages 25 to 29. The Company has continued its compliance with these requirements during the year, and both share classes in the Company are eligible shares as defined by section 273 ITA 2007.

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

Seneca was appointed as the Company's Investment Manager in August 2018 and is specifically responsible for the management of the Company's B share pool investments. Responsibility for the management of the Ordinary share pool investments continues to rest with those remaining members of the Board of Directors who served immediately prior to 23 August 2018, with the exception of Charles Breese, who resigned from the Board on 10 June 2019.

There has been no change during the year in the way the Ordinary share pool's assets are managed. After a year of significant developments and change in the Ordinary share portfolio, including the successful exit of the Company's largest investment, Hallmarq Veterinary Imaging Limited ("Hallmarq") in December 2018, 2019 was a period of consolidation for the Ordinary share pool. The Directors do not envisage making any new investments from the funds 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 Company's maiden B share offer closed in April 2019 and a new Offer opened on 16 July 2019 seeking to raise up to £10 million with an over-allotment facility of up to a further £10 million (before issue costs). The funds raised from the issue of B shares will not be limited to being invested in any specific sector. Instead, in line with the Company's investment policy, the Company is targeting well managed businesses with strong leadership that can demonstrate established and proven concepts and are seeking an injection of growth capital to support their continued development.

The Company fosters a culture of innovation, risk mitigation and collaboration supported by policies, practices and behaviours to further our purpose as an investment company seeking to provide growth capital to well managed leading UK SMEs which share our values, in order to deliver on our investment strategy and objective as described below. The Directors will continually monitor and assess the investment process and ensure compliance with both the relevant VCT regulations for qualifying investments, summarised below, and the Company's investment policy, included further below through a set of robust internal controls as discussed in the Business Review on pages 25 to 29, the Corporate Governance policy on pages 37 to 41 and within the Audit Committee Report on pages 42 to 44.

Qualifying Investments

Compliance with required rules and regulations is considered with all investment decisions made. The Company is further monitored on a continual basis by Philip Hare & Associates LLP 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 ten 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.

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

Investment Policy

The Company's investment objective is to provide shareholders with an attractive income and capital return by investing its funds in a portfolio of both unquoted and AIM/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 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 Limited.

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.

Key Information Document
New EU PRIIPs regulations came into effect in January 2018. The intent of the regulations is to increase customer protection by improving the functioning of financial markets and in this instance through the Key Information Document (KID) to provide shareholders with more information about the risks, potential returns and charges within VCTs. The regulation requires the Company to publish a KID. Retail investors must now be directed to this before buying shares in the Company. The KID is published on the Company website https://senecavct.co.uk/key-documents/. The KID has been prepared using the methodology prescribed in the PRIIPS regulation. Although well intended, there are widespread concerns about the application of some aspects of the prescribed methodologies to VCTs. Specifically, there are concerns that:

1. the risk score may be understating the level of risk; and
2. investment performance scenarios may indicate future returns for shareholders that are too optimistic.

The Association of Investment Companies (AIC) has engaged on this matter and it is hoped that these issues will be resolved in the future. In the meantime, the Board recommends shareholders continue to classify VCTs as a high-risk investment.

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

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

Section 172(1) Statement
The Directors discharge their duties under section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of shareholders as a whole as set out in the Business Review from page 25. As an investment company, Seneca Growth Capital has no employees; however, the

Directors also assessed the impact of the Company's activities on other stakeholders, in particular shareholders and our third-party advisers, as well as the portfolio of companies.

The Board's decision-making process incorporates, as part of the Company's investment policy and investment objectives as set out on page 4, considerations for supporting the Company's business relationships with the Investment Manager, shareholders, advisers and registrar, independent financial advisers and the impact of the Company's operations on the community and the environment, which by nature of the business, only extends to the holdings in portfolio companies.

Outside of general meetings, the Company engages with shareholders through regulatory news service announcements, interim and annual reports as well as regular correspondence with shareholders and their advisers to address any queries that arise. At the 2019 AGM, one shareholder sought clarification as to why the Company continued to hold the whole of the investment in Scancell Holdings plc ("Scancell") in view of the declining share price. The Chairman explained that he had sought views of shareholders during the year and remained of the view that the majority of shareholders were supportive of the Board's strategy. Following some debate, the meeting supported this view. Views like these and any others which may arise are discussed by the Board and factored into any decision-making and disclosed in annual and interim reports as appropriate.

Chairman's Statement

I am pleased to present the 2019 Annual Report on behalf of the Board to shareholders.

Overview
Following the changes that the Company made in 2018, which included the appointment of Seneca as Investment Manager and the launch of the Company's B share class, I am happy to report that the Company has continued to develop during 2019. We have ended the year well placed to deliver on the key objectives of building an attractive portfolio of growth capital investments in the Company's B share pool whilst also continuing to realise investments in the Ordinary share pool when the opportunity arises.

I have set out below the progress made by each of the Company's share classes during the year. The Ordinary shares are covered first with the B shares further below.

Ordinary Share Pool

Following the sale of the Ordinary share pool's investment in Hallmarq in December 2018, realising £2.9 million, which included a further £38,000 received during the year as previously reported, we were very happy to be able to pay dividends totalling 28p per Ordinary share during the year. The Total Return in relation to the Ordinary shares is now 82.65p comprising cumulative distributions of 52.25p per Ordinary share and a residual NAV per Ordinary share of 30.4p as at 31 December 2019. No further Ordinary share investments were realised during the year.

Ordinary Share Pool Results and Dividends
As at 31 December 2019 the NAV per Ordinary share was 30.4p (2018: 65.1p), after accounting for the two dividends paid during the year, which totalled 28p and a negative capital return of 6.7p per Ordinary share.

The Total Return (NAV plus cumulative dividends paid) as stated on page 1 in the Financial Summary was 82.65p as at 31 December 2019 (2018: 89.35p). The reduction in Total Return of 6.7p results from the negative capital return of 6.7p per Ordinary share (2018: positive capital return of 2.0p).

The negative capital return of 6.7p per Ordinary share noted above is principally a result of an overall reduction in the value of one of the Ordinary share pool's AIM quoted investments in addition to a reduction in the carrying value of two of the Ordinary share pool's unquoted investments and a reduction in the associated accrued Ordinary share pool performance fee, which totalled £53,000 (2018: £190,000) as at 31 December 2019.

The bid price of shares in Scancell fell to 7.0p per share as at 31 December 2019 (2018: 9.0p per share), whilst the bid price of shares in Omega Diagnostics plc increased to 14p per share as at 31 December 2019 (2018: 12.5p per share). In addition, the value of the Ordinary share pool's investment in OR Productivity Limited ("ORP") was reduced to £233,000 (2018: £664,000) due to a new fund raise to raise £2.5 million at a significant discount to the previous valuation and Microarray Limited ("Microarray") was reduced to £nil (2018: £67,000) during the year due to unfavourable clinical results for a key wound care product. That being said, Microarray is continuing to develop its wound diagnostic products, working with the Welsh Wounds Innovation Centre and data analysis of the latest set of samples is expected to be completed in the first half of 2020.

Further details in relation to the Ordinary share pool's investment portfolio are included in the Investment Manager's Report on pages 12 to 24.

Ordinary Share Investment Portfolio
The Ordinary share portfolio represents the original Hygea vct plc assets. The portfolio was valued at £2.1 million as at 31 December 2019, a reduction of £0.7 million during the year for the reasons noted above.

The performance of the Ordinary share investment portfolio remains heavily influenced by the share price of Scancell, with the Company's holding of 13,049,730 shares representing approximately 37% of the Ordinary share pool's NAV as at 31 December 2019. The Board remains confident that the market continues to undervalue Scancell and is encouraged by the company's progress during 2019 with further details being contained in the Investment Manager's Report.

Details of progress in the Ordinary share pool's unquoted portfolio are also included in the Investment Manager's Report on pages 12 to 24. The most significant movement was ORP. Whilst ORP continues to report progress in its ambitions within the hospital operating environment, it has recently written to shareholders expressing confidence in the company's technology but explaining that it lacks adequate funds to enable the commercialisation of Freehand to proceed. Its efforts to raise sufficient funds over the last two years has not been successful and this, it believes, is due to the valuation placed on the company, which has formed the basis of our valuation of the investment over that period. It is worth noting that some investors were willing to support the company at that price, underpinning our decision to hold the investment at the price of the last funding round. However, ORP have now, therefore, commenced a new fund raising to raise £2.5 million at a significant discount to the previous valuation; accordingly, we have written down our valuation at 31 December 2019 to reflect the new pre-money valuation. The net effect of this reduction in our year end net asset value, after taking account of the consequent reduction in the accrued performance fee, is £345,000.

Ordinary Share Portfolio Outlook
The Board remains focused on identifying exit opportunities for the remainder of the Ordinary share pool investment portfolio and whilst we remain confident that, overall, there remains the opportunity to realise further value for Ordinary shareholders, we do not see any immediate opportunities for further realisations.

No investments into new investee companies will be made by the Ordinary share pool: however the Company may make a follow-on investment into an existing Ordinary share portfolio company where the Board believes this will protect the Ordinary share pool's existing investment and/or improve the overall prospects of a timely exit from the investee company.

Ordinary shareholders will however recall that following the appointment of Seneca as Investment Manager in August 2018, the Ordinary share pool incur no running costs until July 2021.

B Share Pool

The Company's maiden B share offer closed during the year and it was pleasing to see that a total of £5.4 million was raised. The Company launched a further B share Offer in July 2019 and to date a further £0.9 million has been raised under that Offer taking the total raised for the B share pool to approaching £6.3 million. Seneca completed four new investments in the year, deploying £2.25 million in the process and taking the number of investments in the B share pool to five. Seneca are also progressing due diligence in relation to several further investment opportunities and expect to add to the B share portfolio of investments in the coming months.

B Share Results and Dividends
As at 31 December 2019 the NAV per B share was 93.1p (2018: 99.1p) after accounting for the two dividends paid in the year, which totalled 3.0p. There was a further reduction in net asset value per share in 2019 of 3.0p, which was principally due to the impact of the Company's running costs on the B share pool and investee company revaluations during the year. These also resulted in a negative revenue return of 2.54p per B share (2018: negative 0.45p) and a negative capital return of 0.65p per B share (2018: negative 0.45p).

The negative revenue return noted above of 2.54p per B share was principally a result of the impact of the Company's running costs on the B share pool. The Company's running expenses are however capped at 3% of the B share NAV until July 2021 (thereafter the total running costs will continue to be capped at 3% with general expenses being allocated to the Ordinary share pool and the B share pool pro-rata to their respective NAVs) and as a result Seneca reduced their annual management fee for 2019 from £103,000 to £28,000 to ensure the Company's annual running expenses stayed within this 3% limit.

The negative capital return of 0.65p per B share noted above was principally due to the combination of the allocation of a portion of Seneca's investment management fee as a capital cost in the year, a reduction in the bid price of the B share pool's AIM quoted investment in SkinBioTherapeutics Plc ("SkinBio"), which decreased to 14.0p as at 31 December 2019, compared to a cost price of 16p per share, offset by an increase in the carrying value of the B share pool's investment in Fabacus Holdings Limited ("Fabacus") to £0.563 million, being the price of its recent fund raising, compared to a cost price of £0.5 million.

Despite being slightly below original cost at 31 December 2019, as noted above, the share price of SkinBio increased above the Company's cost price for periods during 2019 and Seneca were able to sell £28,000 worth of the B share pool's holding for £42,000, realising a profit of £14,000 and a return of 1.5x, effectively reducing the capital loss, which has partially offset the impact of the 31 December 2019 bid price falling below purchase price.

Further details of the current B share pool investment portfolio are included in the Investment Manager's Report on pages 12 to 24.

B Share Investment Portfolio Review
As at 31 December 2019, the B share portfolio comprised five companies, one of which is quoted on AIM, at a total net investment cost of £2.72 million. As at 31 December 2019 this portfolio was valued at £2.69 million, a deficit of £27,000 compared to cost for the reasons noted above.

Seneca are happy with the development of the B share portfolio investments which remain held at cost, with the exception of SkinBio and Fabacus, as noted above.

Outlook for B Shares
The Board is pleased with the progress that Seneca have made since their appointment as Investment Manager on 23 August 2018, both in terms of funds raised and new investments made.

Since the launch of the B shares, the Investment Manager has invested £2.75 million into five companies, and has also made a small partial realisation as noted above. This is in line with their expectations for deploying the capital raised and indicative of the healthy pipeline of growth capital investment opportunities which Seneca maintains as a result of the VCT and the EIS funds which they manage.

Seneca expect to increase the funds raised under the current Offer and add new growth capital investments to the B share portfolio during the course of 2020 from the pool of investments they currently have in the later stages of due diligence.

Fund Raising

During the year the Company has allotted 2,325,078 B shares raising £2.3 million in the process. The current Offer will remain open until July 2020.

Changes to the Composition of the Board

As envisaged in the 2018 Annual Report published in April 2019, the Company appointed a new non-executive Director in the year to fill the vacancy left by Charles Breese who did not stand for re-election at the Company's 2019 AGM.

After conducting a search of suitable candidates, which included a shortlist of four individuals including one female candidate, the Board were delighted that Alex Clarkson agreed to become a non-executive Director of the Company and accordingly he was appointed to the Board and to the Audit Committee with effect from 9 December 2019. Alex has extensive public and private company corporate finance experience and we are pleased that he has joined the Board. Biographical details for Alex can be found on page 31.

Annual General Meeting ("AGM")

The Company's AGM will be held at 11.00 a.m. on Tuesday 28 April 2020 at the Greater Manchester Chamber of Commerce, Elliot House, 151 Deansgate, Manchester, M3 3WD and we look forward to welcoming you to the meeting.

To ensure that more shareholders have the opportunity to meet the Board through attending an AGM, this year's AGM is being held in Manchester.

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. Resolutions for the re-election of Alex Clarkson, Richard Manley and Richard Roth are also included in the AGM Notice.

The Notice of the AGM includes resolutions empowering the Directors to issue further B shares and Ordinary shares following the date of the AGM, which will primarily be used for the issue of B shares under the current Offer and for the launch of another B share offer for the 2020/2021 and 2021/2022 tax years, which requires authorisation for the Directors to be able to allot up to a further 35,000,000 B shares. Including these resolutions in the AGM business will avoid the Company having to produce and send out a separate circular to convene a separate general meeting.

A summary of the resolutions to be proposed by the Company at the AGM is included on page 36.

VCT Qualifying Status

Philip Hare & Associates LLP 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 2019.

Fund Administration

Our administration is conducted by Seneca at the Company's registered address. Neville Registrars Limited ("Neville") continue to maintain the shareholder register. All information in respect of both share classes including Annual Reports and notices of meetings can be found on our website www.senecavct.co.uk. We would remind shareholders who have not opted for electronic communications that this is more efficient and ecologically friendly than receiving paper copies by post. If you wish to take advantage of this facility, please contact Neville whose details are on page 82.

Auditor
UHY have audited the Company's annual results for the year ending 31 December 2019, and shareholders will be asked to reappoint them at the AGM for the audit of the accounts for the year ending 31 December 2020.

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 whilst we await further realisation opportunities for the remaining investments in the Ordinary share portfolio.

We are pleased with the development of the B share portfolio and the support we have received from existing and new shareholders in respect of the B share fundraising to date. 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 in continuing to raise new funds into the B share pool and anticipates that these can be invested 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 February 2020

Investment Manager's Report

We are pleased to set out in this section further details in relation to the development of both the Ordinary and B share pools and their respective investee companies during 2019.

Shareholders will recall that whilst Seneca are the Company's Investment Manager, responsibility for the management of the Ordinary share pool investments continues to rest with those remaining members of the Board of Directors who were serving at the point of Seneca's appointment on 23 August 2018. This no longer includes Charles Breese who resigned on 10 June 2019.

The Ordinary Share Pool

There were no further realisations of Ordinary share pool investments, nor any follow on investments made, in 2019; however, following the sale of the Ordinary share pool's investment in Hallmarq in December 2018, realising £2.9m, the Company was pleased to be able to pay dividends totalling 28p per Ordinary share during the year.

The Total Return in relation to the Ordinary shares is now 82.65p comprising cumulative distributions of 52.25p per Ordinary share and a residual NAV per Ordinary share of 30.4p as at 31 December 2019.

The Ordinary share pool's AIM quoted investments are valued at their respective bid prices as at 31 December 2019 with full details included in the Chairman's statement. The Ordinary share pool's investments in private companies have been valued in line with their carrying values as at 31 December 2018, with the exception of the value of the Ordinary share pool's investment in ORP, which was reduced to £233,000 (2018: £664,000) as a result of a new fund raise to raise £2.5 million at a significant discount to the previous valuation, and Microarray which was reduced to £nil (2018: £67,000) during the year due to unfavourable clinical results for a key wound care product.

The B Share Pool

Our first B share offer was concluded during 2019 and under which we raised a total of £5.4 million. We followed this up by launching a further Offer for B shares in July 2019, under which we had raised a further £0.9 million by 31 December 2019. Our fund-raising efforts continue in 2020 and we remain focused on increasing the size of the B share pool, which will in turn allow us to increase the number and diversity of new investments that we make.

The Company paid two interim dividends to B shareholders in the year totalling 3.0p per B share and the Company has sufficient distributable reserves to enable the continued declaration of dividends over the medium term subject to Board approval, the B share pool investment pipeline and liquidity levels. B shareholders will recall that the availability of adequate distributable reserves to enable the potential ongoing declaration of dividends in respect of the B shares whilst the B share investment portfolio matures was a key attraction of Seneca's preference to work with the Company to launch a new B share class rather than launch a new VCT from scratch.

More generally we continue to develop Seneca's position in the market as an active growth capital investor and as at 31 December 2019, Seneca had invested over £60 million of growth capital funds across 46 investee companies. The majority of these investments have been made from EIS funds which Seneca manage, but it also includes the five investments totalling £2.75 million made by the B share pool since launch, with four of these, Fabacus, Old St Labs Limited, Qudini Limited and SkinBio, totalling £2.25 million, being made in 2019.

The five investments in the B share portfolio as at 31 December 2019 are co-investments with EIS funds managed by Seneca. The opportunity for the Company's B share pool to co-invest with EIS funds that we also manage provides the B share pool with a number of advantages including being able to participate in a higher number of investments, of a larger scale, into more established businesses than would be possible for the B share pool on a standalone basis.

As a result of our position in the UK market as an active growth capital investor we maintain a strong pipeline of investment opportunities, particularly in the North of England, with a focus on well managed businesses with strong leadership teams that can demonstrate established and proven concepts in addition to growth potential. We aim to invest in both private and AIM quoted companies and are pleased to have been able to include AIM quoted SkinBio in the B share pool's initial five investments. We currently have a number of new investments in the later stages of due diligence and expect to add to the portfolio of B share investments in the coming months.

We have included updates in relation to all of the B share pool and Ordinary share pool investments later in this Investment Manager's Report but note in particular the progress being made by SilkFred Limited ("SilkFred") and Fabacus.

SilkFred was the B share pool's first investment and is an online marketplace which specialises in independent ladies' fashion brands. Seneca first invested in this business via its EIS funds in March 2018 and since that time Silkfred has gone from strength to strength. Silkfred have grown Gross Marketplace Value (total sales value sold through the Silkfred platform) by approximately 50% to around £57.5 million in the year to December 2019 compared to the year to December 2018 and the business has also continued to demonstrate the benefits associated with enhanced scale and improved returns on investment of marketing spend. In 2019, SilkFred also began to test the market in some key overseas territories where it sees attractive growth potential and achieved over £1.0 million of international sales from a standing start in 2019. SilkFred are looking to the future with confidence. Notwithstanding the continued improvement in trading performance, we believe that the original investment cost remains the most appropriate indicator of fair value for this investment whilst we await transformation of the top line growth into bottom line profitability.

We were also pleased by the progress made by Fabacus in the year which included raising £1.0 million from investors in October 2019 at a premium of 12.6% to the price at which the B share pool originally invested in February 2019. Given the quantum raised and recent timing of this fund raising, it is the Board's view that the price of the October 2019 fund raising is the most appropriate indicator of the fair value of the B share pool's investment in Fabacus as at 31 December 2019 and therefore its carrying value has been increased accordingly.

Having initially invested in SkinBio in February 2019, we sold 175,000 shares in early June 2019 (3.7% of the B share pool's original holding of 4,677,107 shares) in SkinBio reducing the remaining holding to 4,502,107 shares. These were sold at a net average price of 24p per share providing a return in the region of 1.5x on the original cost of the shares. Whilst the SkinBio share price closed on 31 December 2019 slightly below our original cost price of 16p per share, the business is well funded, and we remain confident in its long-term prospects of success. Please see the investment summary further below for more details in relation to SkinBio and the other B share pool investee companies.

We look forward to continuing to increase the funds raised under the current Offer and adding new growth capital investments to the B share portfolio.

Investment Portfolio – Ordinary shares

Unquoted Investments	Equity held %	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2019 £'000	Movement in the year to 31 December 2019 £'000
Fuel 3D Technologies Limited	<1.0	299	(23)	276	-
OR Productivity Limited	7.9	765	(532)	233	(431)
Arecor Limited	1.3	142	63	205	-
Insense Limited	4.6	509	(389)	120	-
Microarray Limited	1.8	132	(132)	-	(67)
ImmunoBiology Limited	1.2	868	(868)	-	-
Exosect Limited	1.4	270	(270)	-	-
Total unquoted investments		**2,985**	**(2,151)**	**834**	**(498)**

Quoted Investments	Shares held	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2019 £'000	Movement in the year to 31 December 2019 £'000
Scancell plc	13,049,730	789	124	913	(261)
Omega Diagnostics plc	2,293,868	328	(7)	321	34
Total quoted investments		**1,117**	**117**	**1,234**	**(227)**
Total investments		**4,102**	**(2,034)**	**2,068**	**(725)**

Investment Portfolio – B shares

Unquoted Investments	Equity held %	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2019 £'000	Movement in the year to 31 December 2019 £'000
Silkfred Limited	<1.0	500	-	500	-
Fabacus Holdings Limited	2.0	500	63	563	63
Old St Labs Limited	3.5	500	-	500	-
Qudini Limited	2.2	500	-	500	-
Total unquoted investments		**2,000**	**63**	**2,063**	**63**

Quoted Investments	Shares held	Investment at cost £'000	Unrealised profit/(loss) £'000	Carrying value at 31 December 2019 £'000	Movement in the year to 31 December 2019 £'000
SkinBioTherapeutics Plc	4,502,107	720	(90)	630	(90)
Total quoted investments	**4,502,107**	**720**	**(90)**	**630**	**(90)**
Total investments		**2,720**	**(27)**	**2,693**	**(27)**

Ordinary Share Pool – Investment Portfolio – Unquoted Investments

1. Fuel 3D Technologies Limited

Initial investment date:	March 2010
Cost:	£299,000
Valuation:	£276,000
Equity held:	< 1%
Last statutory accounts:	31 December 2018
Turnover:	£147,000
Loss before tax:	£5.2 million
Net assets:	£3.9 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 2019 includes:

- The continued development of BioVolume in conjunction with major pharmaceutical companies with commercialisation expected to start in 2020.
- The continued development of the technology for Fits You applications (eg sleep apnoea masks and eyewear) with commercialisation again expected to start in 2020.

2. OR Productivity Limited

Initial investment date:	March 2011
Cost:	£765,000
Valuation:	£233,000
Equity held:	7.9%
Last statutory accounts:	31 March 2019
Turnover:	£303,000
Loss before tax:	£676,000
Net liabilities:	£(1.3 million)
Valuation method:	Price of current 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 2019 includes:

- Appointment of Sales & Marketing VP in May 2019. Since his appointment, two distributors have been appointed, one in Italy and one covering Spain and Portugal, and have placed initial stocking orders of €28k and €60k respectively. ORP advise that the reason both of these distributors want FreeHand is that each of them has recently launched the distribution of handheld robotic wristed instruments and the combination with FreeHand allows them to offer customers a complete solution.
- ORP noting the continued development of the market opportunity and in particular the contents of a paper published by King's College hospital regarding the impact of FreeHand on keyhole surgeons learning to suture. The paper identified that learning is faster with a still image as provided by FreeHand. ORP identify one of the main costs to the healthcare systems as the time taken to train surgeons so view any commentary regarding the potential reduction of a part of their training as a positive market development.
- ORP is developing a scalable sales platform, with the support of venture builder Aspremont, to enable the business to achieve significant growth.

		● ORP has recently written to shareholders expressing confidence in the company's technology but explaining that it lacks adequate funds to enable the commercialisation of Freehand to proceed. Their efforts to raise sufficient funds over the last two years have not been successful and this, they believe, is due to the valuation placed on the company, which has formed the basis of our valuation of the investment over that period. It is worth noting that some investors were willing to support the company at that price, underpinning our decision to hold the investment at the price of the last funding round. However, ORP have now, therefore, commenced a new fund raising to raise £2.5 million at a significant discount to the previous valuation

3. Arecor Limited

Initial investment date:	January 2008	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.
Cost:	£142,000	Progress made by the company in 2019 includes:
Valuation:	£205,000	● The signing of a multi-product collaboration agreement with a major global pharmaceutical company by the contract formulation business unit.
Equity held:	1.3%	● The company's first product (ultra-rapid acting insulin to assist better glucose management, particularly around mealtimes) successfully completed a Phase 1 clinical trial. The next step will be a study in conjunction with a potential licensing partner.
Last statutory accounts:	31 May 2019	● A £0.5M Innovate UK grant was received towards the cost of developing a second insulin product.
Turnover:	£748,000	● Jim MacDonald-Clink was appointed as Vice President of Business Development. Jim has over 25 years of experience in healthcare with Mundipharma, Astellas Pharma, Fujisawa, Institute of Cancer Research at the Royal Marsden and Institute of Child Health at Great Ormond Street Hospital, London, UK.
Loss before tax:	£2,695,000	● Susan Lowther was appointed as Chief Financial Officer. Susan has significant experience working with fast-growing life science companies having held finance roles at both public and private companies including Ixico plc, Novacyt SA, Lonza Biologics, Celltech Group and Monsanto.
Net assets:	£4,231,000	
Valuation method:	Price of last fundraise	

4. Insense Limited

Initial investment date:	July 2003	Insense is an innovative, biotechnology company and was spun-out from Unilever's R&D laboratory in 2001.
Cost:	£509,000	It has since had two successful spinouts, namely Arecor (see above) and Archimed, from which Microarray (see below) was also spun-out. Current Insense development activity is concentrated on dermatology products for both professional and consumer applications.
Valuation:	£120,000	Progress made by the company in 2019 includes:
Equity held:	4.6%	
Last statutory accounts:	31 December 2018	
Turnover:	Not Disclosed	

Loss before tax:	Not Disclosed	● working on the specification of the UV lamp that will be used in a first-in-man trial and on preparation for further formulation and stability testing.
Net assets:	£156,000	
Valuation method:	Price of last fundraise	

5. Microarray Limited

Initial investment date:	January 2011	Microarray Ltd is a UK-based specialist wound healing company. Founded in 2000, Microarray was de-merged from 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 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 2019 includes ● Completion of two clinical studies that have gathered a large set of clinical wound fluid samples, accompanying clinical observations and wound photographs. Working with machine learning data analysis experts to analyse the data. ● Designing the follow-on clinical and laboratory work that will further tune the approach to clinical sample collection and processing and to biomarker selection. Unfortunately, recent product testing results have not provided the indicators that the company hoped for in terms of assessing whether a wound is infected or not. As a result of this adverse outcome in relation to an area of focus for the company we have made a full provision against the value of the Ordinary share portfolio's investment in Microarray Limited. Notwithstanding the above, the company is continuing to develop its wound diagnostic products, working with the Welsh Wounds Innovation Centre and data analysis of the latest set of samples is expected to be completed in the first half of 2020.
Cost:	£132,000	
Valuation:	£nil	
Equity held:	1.8%	
Last statutory accounts:	31 December 2018	
Turnover:	Not Disclosed	
Loss before tax:	Not Disclosed	
Net liabilities:	£(3.3 million)	
Valuation method:	Investment fully written down	

6. ImmunoBiology Limited

Initial investment date:	November 2005	ImmunoBiology ("ImmBio") 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. ImmBio has a complex equity structure which has impacted the investment valuation. As such, the Board does not believe that the Company's investment currently has any value
Cost:	£868,000	
Valuation:	£nil	
Equity held:	1.2%	
Last statutory accounts:	31 May 2019	
Turnover:	£450,000	
Loss before tax:	£308,000	
Net assets:	£570,000	

Valuation method:	Investment fully written down	Progress made by the company in 2019 includes: ● Granting of a license to a subsidiary company of China National Biotec Group to co-develop ImmBio's proprietary PnuBioVax vaccine against pneumococcal disease and launch the pneumococcal vaccine in the Greater China area upon completion of successful clinical studies. ● Entering into a partnership with CPI (an independent technology innovation centre) to produce a Pneumococcal vaccine which is heat stable, thus avoiding the need (and inherent expense) of the cold chain – ImmBio estimate there to be c.50 million patients annually who could benefit from such a vaccine. ● Announcing that the company is seeking additional strategic partners to develop and commercialise its PnuBioVax™ universal pneumococcal vaccine. AEC Partners, a leading life-sciences advisory firm head quartered in Paris, has been appointed to support this initiative which is at Phase 2 clinical stage of development.

7. Exosect Limited

Initial investment date:	January 2010	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 to shareholders. The company was dissolved on 25 January 2020.
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 liabilities:	£(370,000)	
Valuation method:	Investment fully written down	

Ordinary Share Pool – Investment Portfolio - AIM Quoted Investments as at 31 December 2019

1. Scancell plc

Initial investment date:	December 2003	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.
Cost:	£789,000	
Valuation:	£913,000	
Equity held:	2.8%	
Last statutory accounts:	30 April 2019	
Turnover:	£nil	
Loss before tax:	£6.7 million	

Net assets:	£9.3 million
Valuation method:	Bid price of 7.0p per share

Having established the AvidiMab platform in 2018 (through the acquisition of monoclonal antibody technology which allows direct tumour killing), a research agreement was entered into during 2019 (see below for details).

Progress made by the company in 2019 includes:

- The company received the necessary regulatory and ethical approvals in April 2019 to initiate the UK arm of the SCIB1 clinical trial.
- Raising gross proceeds of £3.9m by the issue of 77.6 million new ordinary shares to Vulpes Life Sciences Fund in June 2019, following which, Martin Diggle, Co-Founder and Portfolio Manager of Vulpes Investment Management, was appointed to the Scancell's Board of Directors as a non-executive Director.
- The company signing 2 collaboration and non-exclusive research agreements with a leading antibody technology company and a Chinese biotechnology company to assess its pipeline of monoclonal antibodies targeting tumour-associated glycans that have been enhanced with the company's new proprietary AvidiMab™ technology (with a third collaboration and non-exclusive research agreement being signed in January 2020 with a US-based, clinical stage antibody company).
- The strengthening of the company's senior team in January 2019 by appointing Dr Samantha Paston as Head of Research and Dr Adrian Parry as Head of Manufacturing.

2. Omega Diagnostics plc

Initial investment date:	August 2007
Cost:	£328,000
Valuation:	£321,000
Equity held:	1.5%
Last statutory accounts:	31 March 2019
Turnover:	£9.8 million
Profit before tax:	£1.2 million (incl £1.7 million exceptional credit)
Net assets:	£18.2 million
Valuation method:	Bid price of 14.0p per share

Omega Diagnostics plc ("Omega") is quoted on AIM and provides high quality in-vitro diagnostics products for use in hospitals, clinics, laboratories and healthcare practitioners in over 75 countries and specialises in the areas of allergy and autoimmune, food intolerance and infectious disease.

We note below the progress made by the company in the six months to September 2019 (which reflect the actions taken by Omega last year as part of the Board's strategic review to divest the non-core infectious disease business and to close the German allergy business).

Financial Highlights:

- Revenue from continuing operations increased by 6% to £4.46m (2018: £4.22m).
- Significant improvement in gross margin from continuing operations – up by 5.8 percentage points to 67.5% (2018: 61.7%).
- Statutory loss for the period of £0.29m (2018: profit of £1.04m) Adjusted loss before tax of £0.35m (2018: adjusted loss before tax of £0.51m).
- EBITDA from continuing operations of £0.25m (2018: loss of £0.22m).
- Adjusted earnings per share of -0.2p (2018: -0.5p).

Operational Highlights:

- Placing and subscription for £1.7m completed on 10 October 2019.
- 65 allergens CE marked to run on the IDS automated instrument including first screening assay.
- The first two orders for a total of 50,000 Food Detective tests were shipped to Omega's strategic partner in China.
- VISITECT® CD4 350 cut off test evaluation report written and submitted to the Nigerian Ministry of Health.
- Nigerian order for Q1 2020 CD4 350 tests, conditional upon the Nigerian Ministry of Health approving the test into its national HIV policy. A second conditional order of 200,000 CD4 350 tests was received.
- VISITECT® CD4 Advanced Disease test (utilising a lower 200 cut-off) receives ERPD approval.
- Since 31 December 2019, Nigerian government approval has been obtained.

B Share Pool – Investment Portfolio – Unquoted Investments as at 31 December 2019

1. SilkFred Limited

Initial investment date:	December 2018
Cost:	£500,000
Valuation:	£500,000
Equity held:	<1%
Last statutory accounts:	31 December 2018
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	£6.4 million
Valuation method:	At cost

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.

Progress made by the company in 2019 includes:

- SilkFred have continued to show strong revenue growth throughout 2019 with YTD revenue as at November 2019 in line with budget and already showing over 40% uplift on 2018 full year figures, despite December typically being the one of the strongest months of the year with respect to trading volumes.

- SilkFred generated Gross Marketplace Value (GMV - being the value of all products transacted over SilkFred's platform) of over £500k on Black Friday alone and for the full month of November GMV was a record month at £7.1m - up 60% year-on-year (despite losing one of the Black Friday weekend days to December). Early indications show GMV of c.£57.5m for the year to December 2019, an approximate 50% increase on last year's GMV of c.£38.7m.

- The business has also continued to grow its portfolio of brands, increasing from 710 to 865 at the time of writing, and selling over 1.5m units for the year, compared to c.950k in 2018. Going into 2020, SilkFred will look to build on the impressive traction seen across initial international launches in 2019, as well as continuing on the current growth path with its well-established and loyal customer base in the UK.

- Notwithstanding the continued improvement in trading performance, we believe that the original investment cost remains the most appropriate indicator of fair value for this investment whilst we await transformation of the top line growth into bottom line profitability or a further funding round.

2. Fabacus Holdings Limited

Initial investment date:	February 2019
Cost:	£500,000
Valuation:	£563,000
Equity held:	2.0%
Last statutory accounts:	31 August 2019
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	£7.6 million

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

Valuation method:	Price of last fundraise

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

Progress made by the company in 2019 includes:

- Signing up and going live with its first three clients with over 200 licensees between them and developing a pipeline of global licensors with over 15,000 licensees.
- Continuing to develop its partnership with International Management Group, a leading global licensing agency managing c.100 clients covering c.130 actual brands and engaging with more than c.5.5k licensees.
- Completing a c.£1m fundraise in Q4 2019 resulting in a c.12% uplift in the B share pool's carrying value of its investment in Fabacus Holdings Limited.

3. Old St Labs Limited

Initial investment date:	March 2019
Cost:	£500,000
Valuation:	£500,000
Equity held:	3.5%
Last statutory accounts:	31 March 2019
Turnover:	Not disclosed
Loss before tax:	Not disclosed
Net assets:	£1.5 million
Valuation method:	At cost

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.

Progress made by the company in 2019 includes:

- Old St Labs have grown key accounts across the Telecoms, Pharmaceutical and Financial Services sectors resulting in Annual Recurring Revenue increasing from c.£600k at the time of investment to more than £1.1m as at December 2019.
- The team have continued to expand the Vizibl platform and have enhanced the capabilities and significantly improved the usability of the software platform. This has enabled greater upsell and improved engagement and uptake amongst both new and existing user base in the period, which management believe will lead to more scalability and crucially ensuring Vizibl becomes more embedded in the way their customers work on a day to day basis.
- In addition to the new customers onboarded in the period, significant developments within the Vodafone account and progress towards a closer working partnership, as well as impressive upsell to other key clients. Vizibl's

work with Vodafone is expected to provide a strong blueprint for other large enterprise customers and market leaders across a diverse range of sectors.

- Notwithstanding the continued improvement in trading performance, we believe that the original investment cost remains the most appropriate indicator of fair value for this investment whilst we await transformation of the top line growth into bottom line profitability or a further funding round.

4. Qudini Limited

Initial investment date:	April 2019
Cost:	£500,000
Valuation:	£500,000
Equity held:	2.2%
Last statutory accounts:	31 December 2018
Turnover:	£2.1 million
Loss before tax:	Not disclosed
Net assets:	£1.3 million
Valuation method:	At cost

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.

Progress made by the company in 2019 includes:

- Over 2,500 stores worldwide in 19 countries now using Qudini software with currently c.30% of revenue generated internationally.

- Qudini technologies are now deployed over a wide variety of industries and sectors including telecoms, consumer electronics, banking, restaurants, hospitality, healthcare, travel and more.

- Despite noting some slowing in their core retail estate market, Annual Recurring Revenue at end of 2019 was c.£1.8m, and total revenue for the year was c.£2.1m, up c.15% on the prior year.

- Notwithstanding the continued improvement in trading performance, we believe that the original investment cost remains the most appropriate indicator of fair value for this investment whilst we await transformation of the top line growth into bottom line profitability or a further funding round.

B Share Pool - Investment Portfolio - AIM Quoted Investments as at 31 December 2019

1. SkinBioTherapeutics Plc

Initial investment date:	February 2019
Cost:	£720,337
Valuation:	£630,000
Equity held:	3.5%
Last statutory accounts:	30 June 2019
Turnover:	£nil
Loss before tax:	£1.4 million
Net assets:	£3.7 million
Valuation method:	Bid price of 14p per share

SkinBioTherapeutics is a life science company focused on skin health. The Company's proprietary platform technology, SkinBiotix®, is based upon discoveries made by 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.

Progress made by the company in 2019 includes:

- Completed human study for the cosmetic application for SkinBiotix® technology that demonstrated it is safe, well tolerated and has efficacy in certain age groups and time points.
- Strengthened board with the addition of Stuart Ashman as CEO; Dr Cath O'Neil transitioned to Chief Scientific Officer to develop new and existing technologies.
- Conducted a strategic review which identified five channels of focus for development, encompassing both existing and new technology.
- First commercial and manufacturing agreement signed with FTSE 100, Croda International Plc – a global specialist chemicals manufacturer and world leader in skincare actives for the cosmetic industry.
- The company remains well funded with cash as at 30 June 2019 of £3.1m (2018: £3.2m).

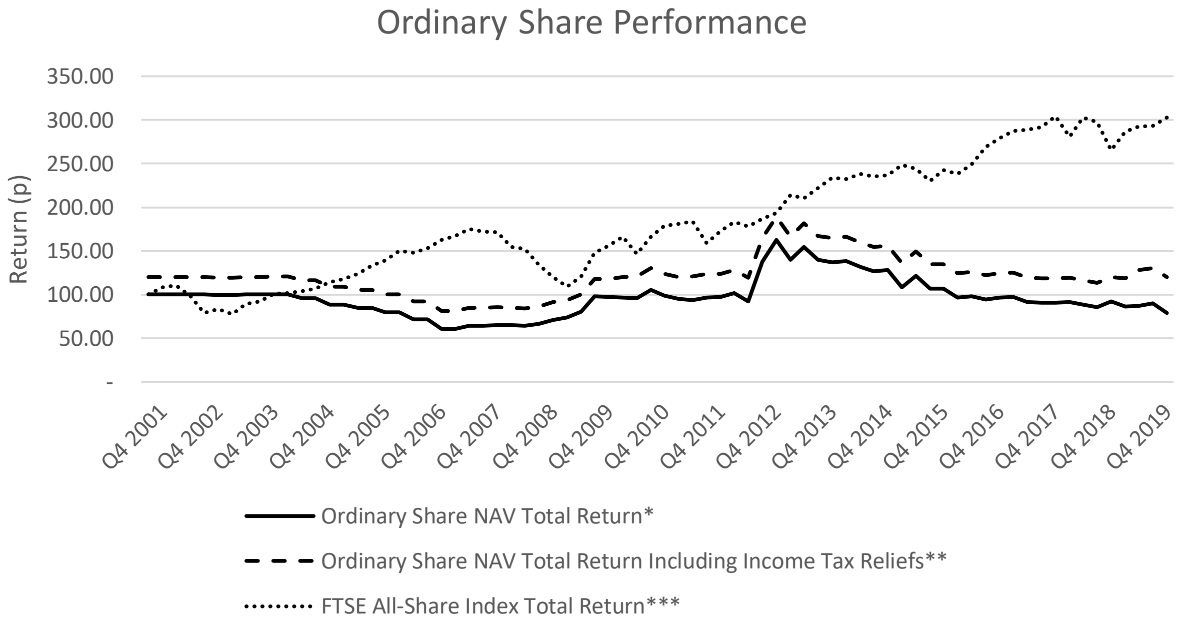
Richard Manley
Seneca Partners Limited
26 February 2020

Business Review

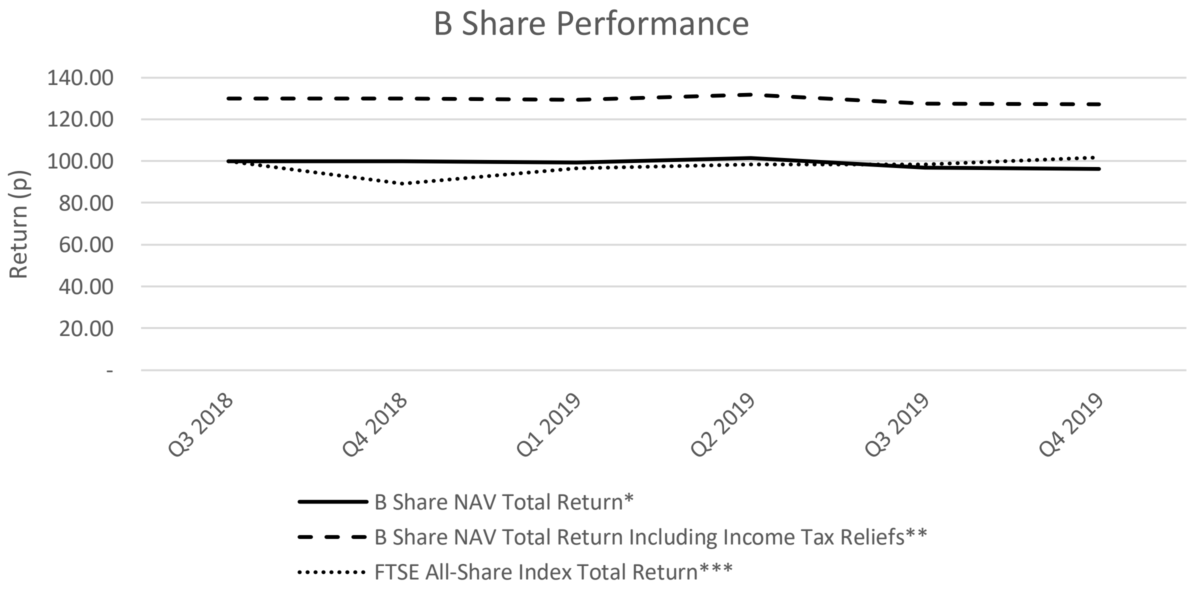
Company Performance

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 2019 and the B shares from August 2018 to December 2019, 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.



* Includes Ordinary share dividends reinvested. Rebased to 100p at launch
** Includes Ordinary share dividends reinvested and income tax relief on initial investment and Ordinary share reinvestments. Rebased to 100p at launch
*** Rebased to 100p at launch



* Includes B share dividends reinvested. Rebased to 100p at launch
** Includes B share dividends reinvested and income tax relief on initial investment and B share reinvestments. Rebased to 100p at launch
*** Rebased to 100p at launch

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 2019 £'000	Year ended 31 December 2018 £'000
Net return attributable to Ordinary shareholders	**(547)**	102
Net return attributable to B shareholders	**(168)**	(36)
Total	**(715)**	66

Key Performance Indicators (KPIs)

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

KPI	Objective
Total Return (Net Asset Value plus cumulative dividends paid) per share for both share classes	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 total expenses of the Company as a proportion of shareholders' funds	To maintain efficient operation of the VCT whilst minimising running costs.

The Total Return for the Ordinary shares and B shares is included in the Financial Summary on page 1 and the reduction in the Total Return is explained in the Chairman's Statement on pages 7 to 11. For the Ordinary share pool, the reduction in Total Return of 6.7p results from the negative capital return of 6.7p per Ordinary share (2018: positive capital return of 2.0p). The negative capital return of 6.7p per Ordinary share is principally a result of an overall reduction in the value of one of the Ordinary share pool's AIM quoted investments in addition to a reduction in the carrying value of two of the Ordinary share pool's unquoted investments and a reduction in the accrued Ordinary share pool performance fee, which totalled £53,000 (2018: £190,000) as at 31 December 2019.

The reduction in the B share Total Return in 2019 amounted to 3.0p which was principally due to the impact of the Company's running costs on the B share pool and investee company revaluations during the year.

Whilst the total return for both share classes has reduced as described above, the Company has invested £2.25 million into four new companies during the period in the B share pool and has also made a small partial realisation as detailed in the Chairman's Statement on pages 7 to 11. This is in line with the Company's expectations for deploying capital raised and indicative of the healthy pipeline of growth capital investment opportunities.

We have also achieved dividend payments for both share classes. An interim capital dividend of 10 pence per Ordinary share for the year to 31 December 2018 was paid on 25 January 2019. A further interim capital dividend of 18 pence per Ordinary share for the year to 31 December 2019 was paid on 7 June 2019.

An interim dividend of 1.5 pence per B share for the year to 31 December 2019 was paid on 18 April 2019. A second interim dividend of 1.5 pence per B share for the year to 31 December 2019 was paid on 13 December 2019.

The Company was able to maintain efficient operation of the VCT whilst minimising running costs as a proportion of shareholder's funds. For a three-year period with effect from 1 July 2018, expenses of the Company 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 £75,000 in the year to 31 December 2019 (2018: a reduction of £42,000) to keep expenses in line with this cap.

Viability Statement

In accordance with provision C.2.2 of The UK Corporate Governance Code 2018 the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a three-year period is considered to be a reasonable time horizon for this.

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

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

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 2022.

Principal risks, risk management and regulatory environment

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

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

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

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

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

- The Company's income in the period has been derived wholly or mainly (70% plus) from shares or securities.
- The Company has not retained more than 15% of its income from shares and securities.
- At least 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 2019 the percentage is 89%.
- At least 70% by value of the Company's qualifying holdings has been represented throughout the period by holdings of eligible shares (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded).
- At least 30% of funds raised after 31 December 2018 must be invested in qualifying investments by the anniversary of the accounting period in which those funds were raised.
- No holding in any company has at any time in the period represented more than 15% by value of the Company's investments at the time of investment or when the holding is added to.
- The Company's ordinary capital has throughout the period been listed on a regulated European market.
- No investment made by the VCT has caused the investee company to receive more than £5m (or £10m for knowledge intensive companies) of State Aid investment in the year ended on the date of the VCT's investment, nor more than the lifetime limit of £12m (or £20m for knowledge intensive companies). Furthermore, the use of funds has not been contrary to the EU State Aid guidelines.

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

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

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

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

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

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

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

The Board seeks to mitigate the internal risks by setting policies, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance section starting on page 37.

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

Gender and Diversity

The Board now consists of four Directors comprising three Independent Directors, two of whom were appointed prior to the appointment of Seneca, with a further Independent Director appointed in December 2019. The fourth Director is the CEO of Seneca. The Board considers diversity when reviewing Board composition and has made a commitment to consider diversity when making future appointments. The Board will always appoint the best person for the job. It will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability. However, the Board fully supports the aims of the Hampton Alexander Report and the renewed focus and emphasis on diversity in the new 2019 AIC Code and in due course will, over time, strive to comply with these recommendations.

Details of Directors

John Hustler (Non-Executive Chairman – Age 73)

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 been a Director of the Company since inception and has extensive historic knowledge of the Ordinary share pool investments and the recent development of the Company's B share pool. His knowledge remains highly relevant to the ongoing success of the Company.

John has a beneficial interest in Scancell.

Richard Roth (Non-Executive Director and Chairman of the Audit Committee – Age 56)

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. 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 been a VCT investor for nearly 20 years and this, combined with his multiple VCT directorships, provides the Company with valuable and detailed knowledge regarding the successful ongoing operation of a VCT.

Richard has a beneficial interest in Scancell, and Fuel3D.

Richard Manley (Non-Executive Director – Age 40)

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 2019. 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. As CEO of the Investment Manager, Richard is well placed to provide the Company with timely and accurate updates in relation to the development of the B share portfolio, ongoing fundraise progress, upcoming investments and the continuing administration of the Company.

Richard has a beneficial interest in Scancell and SkinBioTherapeutics.

Alex Clarkson (Non-Executive Director – Age 45)

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

Alex has a beneficial interest in Scancell.

Directors' Report

The Directors present their Report and the audited Financial Statements for the year ended 31 December 2019.

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

Review of Business Activities

The Directors are required by section 417 of the Companies Act 2006 to include a Business Review to shareholders. This is set out on page 25 and forms part of the Strategic Report. The purpose of the Business Review is to inform members of the Company and help them assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the success of the Company). The Company's section 172 Statement on page 5, the Chairman's Statement on page 7 to 11, and the Investment Manager's Report on pages 12 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 are shown in the table below:

	31 December 2019 Number of Shares	**31 December 2018 Number of Shares**
John Hustler	**190,000**	190,000
Charles Breese*	**n/a**	105,000
Alex Clarkson*	**-**	n/a
Richard Manley	**-**	-
Richard Roth	**209,612**	209,612

* Charles Breese resigned from the Board on 10 June 2019 and Alex Clarkson was appointed to the Board on 9 December 2019.

All of the Directors' shares were held beneficially. There have been no changes in the Directors' Ordinary share interests between 31 December 2019 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 2019 Number of Shares	**31 December 2018 Number of Shares**
John Hustler	**-**	-
Charles Breese*	**-**	-
Alex Clarkson*	-	n/a
Richard Manley	**51,010**	24,750
Richard Roth	**15,000**	15,000

* Charles Breese resigned from the Board on 10 June 2019 and Alex Clarkson was appointed to the Board on 9 December 2019.

All of the Directors' B shares were held beneficially. There have been no changes in the Directors' B share interests between 31 December 2019 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, Company Secretary and Investment Manager.

Whistleblowing

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

Bribery Act

The Board has 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

Seneca as the Company's Investment Manager is responsible for the management of the Company's B share pool investments. Responsibility for the management of the Ordinary share pool investments has been delegated to those members of the Board of Directors who served immediately prior to 23 August 2018, with exception to Charles Breese who resigned on 10 June 2019.

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

Corporate Governance Statement

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance as applied to companies reporting as at 31 December 2019 (the "2019 AIC Code"). The Company's Corporate Governance policy is set out on pages 37 to 41.

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

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

- The Company does not have a Chief Executive Officer or a Senior Independent Director. The Board does not consider this necessary as it does not have any executive directors.
- New Directors do not receive a formal induction on joining the Board, though they do receive one tailored to them on an individual basis.
- The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for this VCT at this time.
- The Company does not have a Remuneration Committee as it does not have any executive directors.
- The Company does not have a Nomination Committee as these matters are dealt with by the Board.

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

Directors

Biographical details of the Directors are shown on page 31.

In accordance with the Articles of Association and good governance, John Hustler, Richard Manley and Richard Roth will retire and offer themselves for re-election at the forthcoming AGM. Alex Clarkson having been appointed since the last AGM will also retire and offer himself for re-election at the forthcoming AGM.

The Board is satisfied that, following individual performance appraisals, the Directors 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.

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

Charles Breese retired following the AGM on 10 June 2019. No concerns about the operation of the Board or the Company were raised by any Director during the period or by Charles Breese upon resignation and had any been raised they would be mentioned in the minutes or in writing to the Chairman to be circulated to the Board in accordance with Provision 8 of the UK Corporate Governance Code (the "UK Code").

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 ("IFRS"). The Company does not anticipate that it will voluntarily adopt IFRS. The Company has adopted Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland.

Environmental Policy

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

Given the size and nature of the Company's activities and the fact that it has no employees and only four non-executive Directors, the Board considers there is limited scope to develop and implement social and community policies. However, the Board has taken into account the requirement of section 172(1) of the Companies Act 2006 when making decisions which could impact shareholders, stakeholders and the wider community. The Company's Section 172(1) statement has been provided in the Strategic Report on page 5, where the Directors consider the information to be of strategic importance to the Company.

For the financial year beginning 1 January 2020 and future periods, the Company will consider the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which came into force on 1 April 2019 (for accounting periods beginning after this date), in relation to energy consumption disclosure.

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 7 to 11 and pages 12 to 24. Further details on the management of the principal risks are set out on pages 28 to 29 and financial risks may be found in note 16 to the Financial Statements.

The Board receives regular reports from the Administration Manager, who also acts as the Investment 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 2019 the Company had more than £3.9 million 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.

Share Capital

As disclosed on page 80 the Board has authority to make market purchases of the Company's own B shares. No shares were purchased by the Company during the year.

At the 2019 AGM held on 10 June 2019, the Board received authority to allot up to 31,000,000 B shares in connection with any offer(s) for subscription (and any subsequent top up offer of B shares) and up to 405,800 Ordinary shares (for any miscellaneous offers of such shares), which represented approximately 575% of the Company's issued B share capital and approximately 5% of its issued Ordinary share capital as at 10 June 2019.

During the year, the Company did not issue any Ordinary shares (2018: nil). During the year, the Company issued 2,325,078 B shares raising £2.3 million (2018: 4,036,370 shares and £4.0 million) No further shares have been issued between 31 December 2019 and the date of this report.

The Company's issued Ordinary share capital as at 31 December 2019 was 8,115,376 Ordinary shares of 1p each (31 December 2018: 8,115,376 Ordinary shares of 1p each) and 6,361,448 B shares of 1p each (31 December 2018: 4,036,370 B shares of 1p each).

The total number of shares in issue for both the Ordinary shares and B shares of 1p each as at 31 December 2019 and 26 February 2020 was 14,476,824 (31 December 2018: 12,151,746) with each share having one vote.

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

- The Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- There exist no securities carrying special rights with regard to the control of the Company;
- The rules concerning the appointment and replacement of directors, amendment of the Articles of Association and powers to issue or buy back of the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- The Company does not have an employee share scheme;
- There are no agreements to which the Company is party that may affect its control following a takeover bid; and

- There are no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason, apart from their normal notice period and any fees potentially due under the performance fee arrangements set out on page 45 and note 6.

Substantial Shareholdings

At 31 December 2019 and at the date of this report, there were two holdings of 3% and over of the Company's ordinary share capital. These holdings related to Share Nominees Ltd and James Leek, which were 3.78% and 3.13% respectively.

Annual General Meeting

The Notice convening the 2020 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:

Resolutions 3 to 6 will seek the re-election of the existing four members of the Board as non-executive Directors of the Company.

Resolution 7 will seek the re-appointment of UHY Hacker Young LLP as Independent Auditor to the Company.

Resolution 9 will authorise the Directors to allot further B shares and Ordinary shares. This would enable the Directors until the next AGM to allot up to 35,000,000 B shares in connection with any offer(s) for subscription (and any subsequent top up offer of B shares) and up to 405,800 Ordinary shares (for any miscellaneous offers of such shares), representing approximately 550% of the Company's issued B share capital and approximately 5% of its issued Ordinary share capital as at 26 February 2020.

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 share capital of the Company from time to time. The price paid must not be less than 1p per B share, nor more than 5% above the average middle market price of a B share for the preceding five business days. Any B shares bought back under this authority may be cancelled by the Board.

Resolution 11 will, under sections 570 of the Act, disapply pre-emption rights in respect of any allotment of the B shares and/or Ordinary shares authorised under Resolution 9.

The Directors intend to use the authorities in Resolutions 9 and 11 for the purposes of the current Offer and a further offer for subscription of B shares, though may also subsequently utilise the authorities for further offer(s) for subscription or issue of B shares. The Directors have no current intention to utilise the authority in relation to the Ordinary shares.

Recommendation

The Board believes that the passing of the resolutions above are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of these resolutions.

By Order of the Board

Craig Hunter
Company Secretary
26 February 2020

Corporate Governance

The Board has considered the principles and recommendations of the 2019 AIC Code as applied to companies reporting as at 31 December 2019.

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

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

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

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

Board of Directors

The Company has a Board of four non-executive Directors, details of each can be found on page 31. 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 4.

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 shareholders;
- the appointment, evaluation, removal and remuneration of the Investment Manager, who also acts as the Administration Manager;
- the performance of the Company, including monitoring 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 in accordance with the Board's duty to promote the success of the Company.

The Company Secretary is responsible for advising the Board through the 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 and Audit Committee meetings during the year were as follows:

	Board meetings attended (11 held in year)	**Audit Committee meetings attended (2 held in year)**
John Hustler	11	2
Charles Breese*	7	1
Alex Clarkson*	-	-
Richard Manley	11	2
Richard Roth	11	2

*Charles Breese resigned from the Board on 10 June 2019 and Alex Clarkson was appointed to the Board on 9 December 2019. Charles Breese attended all meetings of the Company whilst he was a Director. No meetings were held during the year following Alex Clarkson's appointment.

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

Independence of Directors

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

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

Directors are appointed with the expectation that they will serve for a period of at least three years and all Directors will retire at the first general meeting after election and will be subject to annual re-election thereafter in line with practices recommended in the 2019 AIC Code. It is the Company's policy of tenure to review individual appointments every year, with increased scrutiny after nine years of service to consider whether the Director is still independent and still fulfils the role. However, in accordance with the principles of the 2019 AIC Code, we do not consider it necessary to mandatorily replace a Director, including the Chairman, after a predetermined period of tenure. A more flexible approach to Chairman tenure will help the Company manage succession planning in the context of the business needs of the Company, whilst at the same time still addressing the need for regular refreshment and diversity. The Company's report on Gender and Diversity is on page 30.

Remuneration in addition to the Directors' fees is potentially payable to those Directors serving prior to 23 August 2018 subject to certain conditions as set out in the Directors' Remuneration Report and Policy on pages 45 to 46. Having regard for the historic nature and circumstances under which the performance incentive fees were agreed, the Board does not believe that the performance incentive fees in any way impact or hinder the Directors' independence or present a conflict of interest which could compromise or override independent judgment of the Directors.

Performance Evaluation

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

The Board sets out the assessment of its members and explains why its members are and continue to be of importance to the long-term sustainable success of the business on page 34.

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

Board Committees

The Board does not have a separate remuneration committee, as the Company has no employees or executive directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report and Policy on pages 45 to 46.

The Board as a whole considers the selection and appointment of Directors and reviews Directors' remuneration on an annual basis. The Board considers the Company's size to be such that it is unnecessary to form a separate committee for the purposes of nomination. When making an appointment, the Board draws on its members' extensive business experience and range of contacts to identify suitable candidates. To date the use of formal advertisements and external search consultants have not been used. However, the Board would consider their use as and when appropriate. The Board speaks regularly about Board composition and succession planning in order to identify and address any issues that may arise.

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

The Audit Committee's terms of reference, and how it discharges its duties are listed on pages 42 to 44.

Internal Control

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

Pennywise Accounting Limited continued their role as Administration Manager until 30 June 2019 when this role was transferred to Seneca.

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, became the custodian of the documents of title relating to the Company's unquoted investments, taking over from Larpent Newton & Co Ltd. All documents of title relating to the Company's B share pool and the Ordinary share pool unquoted investments are now held by City Partnership.

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

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

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 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, WA12 0JQ.

There was no resolution proposed at the last AGM which received 20% or more of votes cast against it for the purposes of disclosure under Provision 4 of the UK Code.

Compliance Statement

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

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

- The Company does not have a Chief Executive Officer or a Senior Independent Director. The Board does not consider this necessary as it does not have any executive directors.
- New Directors do not receive a formal induction on joining the Board, though they do receive one tailored to them on an individual basis.
- The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for this VCT at this time.
- The Company does not have a Remuneration Committee as it does not have any executive directors.
- The Company does not have a Nomination Committee as these matters are dealt with by the Board.

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

By Order of the Board

Craig Hunter
Company Secretary
26 February 2020

Audit Committee Report

This report is submitted in accordance with the 2019 AIC Code in respect of the year ended 31 December 2019 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 38.

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. The Committee is happy to recommend UHY Hacker Young LLP for reappointment at the AGM in relation to the audit for the year ending 31 December 2020. 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 resulting discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting if appropriate.

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

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

During the period ended 31 December 2019, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing Seneca's statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft Annual Financial and Interim results statements prior to Board approval;
- reviewing the Company's going concern status as referred to on pages 27 and 35; and
- reviewing the external auditor's Report to the Audit Committee on the annual Financial Statements.

The Committee has considered the Report and Financial Statements for the year ended 31 December 2019 and has reported to the Board that it considers them to be fair, balanced and understandable and providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Significant Risks

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

- Valuation and ownership of investment portfolio: The Auditors give special audit consideration to the valuation and ownership of investments and the supporting data provided by Seneca and the Board of Seneca Growth Capital. The impact of this risk could be a large movement in the Company's net asset value. Guidelines, discussions, reviewing and challenging the basis and reasonableness of assumptions made in conjunction with available supporting information goes into the valuation process. The valuations are supported by investee company Financial Statements and/or third-party evidence where possible. Otherwise, valuations are supported by the share price of the most recent fundraising and/or management information. These give comfort to the Audit Committee.
- Management override of financial controls: The Auditors specifically review all significant accounting estimates that form part of the Financial Statements and consider any material judgements applied by the Board or Investment Manager during the preparation of the Financial Statements.
- Compliance with HMRC conditions for maintenance of approved VCT status: 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 2019, and Seneca has confirmed this to the Audit Committee.
- Performance Fees: The Auditors give special audit consideration to the performance fees as these are directly linked to the NAV which is dependent upon investment valuations. The Audit Committee gives due consideration to the valuation methodology as referenced above and maintains controls around performance fees to mitigate any risks to the Company's costs.

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

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the Financial Statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the Financial Statements for the year ended 31 December 2019.

Richard Roth
Audit Committee Chairman
26 February 2020

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 2019. A resolution to approve the Directors' Remuneration Report will be proposed at the Annual General Meeting on 28 April 2020. The statement of Directors' Remuneration Policy was last approved by shareholders at the Annual General Meeting on 10 June 2019, with the Directors' Remuneration Report also approved at the same 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 48 to 53.

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 remaining members of the Board of the Company serving immediately prior to the appointment of Seneca (the Commercial Advisory Committee or "CAC"), with the exception of Charles Breese who resigned on 10 June 2019. Directors are appointed with the expectation that they will serve for a period of at least three years. All Directors retire at the first general meeting after election and thereafter will be subject to re-election on an annual basis in line with practices recommended in the 2019 AIC Code. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

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

Following the process for the appointment of a new Non-Executive Director (Alex Clarkson), the Board reviewed the level of Directors fees in December 2019 and noted that these were amongst the lowest for VCT Non-Executive Directors. In view of the increased workload required in respect of the B share fundraising and the increase in investment activity, each Director's annual fee was increased in December 2019 from £12,750 per annum to £15,000 per annum inclusive of all expenses.

The performance incentive fees relevant to those Directors serving up to 7 October 2015 were revised under an agreement dated 7 October 2015 (the "Accrued Performance Incentive Fee"). The new arrangements froze the sum due to those Directors serving up to 7 October 2015 at £702,000 (the accrued liability as disclosed in the 2014 audited Financial Statements) which will only start to become payable once a further 27.75p of dividends have been paid in respect of each share (such that original subscribing shareholders will have received 80p per share in dividends). 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 Performance Incentive Fee"). 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 was made to Richard Roth in 2018 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.

The Company entered into an agreement with Charles Breese following his resignation under which he would continue to provide support and information relating to the Ordinary share investment portfolio for a short period to ensure an effective hand over. The agreement was for a period of six months from 10 June 2019 at a cost to the Company of £3,500 (inclusive of VAT). In addition to this fee, Charles Breese will be entitled to a pro rata proportion of performance fees as set out in note 6 to the Financial Statements.

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 2019 £**	**Year ended 31 December 2018 £**
John Hustler (Chairman)	**12,897**	12,750
Charles Breese	**6,375**	12,750
Richard Roth	**12,897**	15,250
Alex Clarkson	**981**	n/a
Richard Manley	**-**	-
Total	**33,150**	40,750

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 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 February 2020

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 February 2020

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 2019, which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Statement of Cash Flows and the related notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 page 27 to 29 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 27 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 35 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 27 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 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 documented in the International Private Equity and Venture Capital Valuation (IPEV) Guidelines, 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. Our testing did not identify any material misstatements in the valuation of the Company's investment portfolio as at the year end.
Compliance with the VCT rules 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 HM Revenue and Customs. Each of the conditions was tested in turn in order to assess whether it had been met as at the year-end. Our testing did not identify any breaches of the VCT rules. We also reviewed the compliance report from

	the external VCT Adviser and did not identify any instances of non-compliance to the VCT rules.
A performance fee may be earned in respect of the Ordinary share portfolio. The performance fee on the Ordinary share portfolio is based on the Total Return per share. Providing this is above the hurdle rate of 80p, an accrual for the amount of 20% in excess of the hurdle rate will be recognised in the financial statements. The investment manager is due a management fee in respect of the B share portfolio of 2% p.a. of the NAV, charged quarterly, net against any costs that exceed 3% of the NAV of the VCT. As the returns are based on the NAV of the Company, this could vary significantly depending on the valuation model used on the unlisted investments. The investment manager is also due a performance related incentive fee in respect of the performance of the B share portfolio of an amount equal to 20% of the shareholder proceeds arising, subject to a performance hurdle of 5% per annum.	With regard to the Ordinary shares, the NAV of the Ordinary share portfolio was recalculated and the inputs of the calculations were agreed to the underlying records. These inputs are the performance fee accrual, dividends paid, NAV per share and hurdle rate. With regard to the B share portfolio our audit work included re-calculating the NAV using a weighted average approach as there were share issues during the year. The inputs to the calculation were agreed to the respective share issues in the year and the cash receipt. We recalculated the cost cap and the management fee due. Our testing and recalculation did not identify any material misstatements in the calculation of the performance fees for the Ordinary share portfolio or for the calculation of the management fees or performance fees for the B share portfolio.

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 determined materiality for the Financial Statements as a whole to be £173,000. In determining this we based our assessment on a key indicator, being 2% of 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 £129,750.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £8,650, 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 32 –** 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 page 42 to 44 –** 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 pages 40 and 41 –** 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 47, 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 February 2020

Income Statement

		Combined Year to 31 December 2019			Combined Year to 31 December 2018		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	-	52	52	-	903	903
Loss on valuation of fixed asset investments	10	-	(752)	(752)	-	(716)	(716)
Income	2	-	-	-	-	-	-
Performance fee	6	-	136	136	-	(26)	(26)
Investment management fee net of cost cap	3	(7)	(21)	(28)	36	(18)	18
Other expenses	4	(123)	-	(123)	(113)	-	(113)
Return on ordinary activities before tax		(130)	(585)	(715)	(77)	143	66
Taxation on return on ordinary activities	7	-	-	-	-	-	-
Return on ordinary activities after tax		(130)	(585)	(715)	(77)	143	66
Return on ordinary activities after tax attributable to:							
Owners of the fund		(130)	(585)	(715)	(77)	143	66

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 2019			Ordinary shares Year to 31 December 2018		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	-	38	38	-	903	903
Loss on valuation of fixed asset investments	10	-	(725)	(725)	-	(716)	(716)
Income	2	-	-	-	-	-	-
Performance fee	6	-	136	136	-	(26)	(26)
Investment management fee	3	-	-	-	-	-	-
Other expenses	4	4	-	4	(59)	-	(59)
Return on ordinary activities before tax		4	(551)	(547)	(59)	161	102
Taxation on return on ordinary activities		-	-	-	-	-	-
Return on ordinary activities after tax		4	(551)	(547)	(59)	161	102
Return on ordinary activities after tax attributable to:							
Owners of the fund		4	(551)	(547)	(59)	161	102
Earnings per share – basic and diluted	8	0.0p	(6.7)p	(6.7)p	(0.7)p	2.0p	1.3p

B Share Income Statement (non-statutory analysis)

		B shares Year to 31 December 2019			B shares Year to 31 December 2018		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	-	14	14	-	-	-
Loss on valuation of fixed asset investments	10	-	(27)	(27)	-	-	-
Income	2	-	-	-	-	-	-
Performance fee	6	-	-	-	-	-	-
Investment management fee net of cost cap	3	(7)	(21)	(28)	36	(18)	18
Other expenses	4	(127)	-	(127)	(54)	-	(54)
Return on ordinary activities before tax		(134)	(34)	(168)	(18)	(18)	(36)
Taxation on return on ordinary activities		-	-	-	-	-	-
Return on ordinary activities after tax		(134)	(34)	(168)	(18)	(18)	(36)
Return on ordinary activities after tax attributable to:							
Owners of the fund		(134)	(34)	(168)	(18)	(18)	(36)
Earnings per share – basic and diluted	8	(2.54)p	(0.65)p	(3.19)p	(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 2018	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**
B share issue	24	2,238	-	-	-	-	-	2,262
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(130)	(130)
Expenses charged to capital	-	-	-	-	(21)	-	-	(21)
Performance fee allocated as capital expenditure	-	-	-	-	136	-	-	136
Dividends paid	-	-	(2,444)	-	-	-	-	(2,444)
Current period gains on disposal	-	-	-	-	52	-	-	52
Current period losses on fair value of investments	-	-	-	-	-	(752)	-	(752)
Balance as at 31 December 2019	**145**	**2,806**	**8,395**	**-**	**1,196**	**(2,061)**	**(2,097)**	**8,384**

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 2018	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)
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**
Revenue return on ordinary activities after tax	-	-	-	-	-	-	4	4
Performance fee allocated as capital expenditure	-	-	-	-	136	-	-	136
Dividends paid	-	-	(2,272)	-	-	-	-	(2,272)
Current period gains on disposal	-	-	-	-	38	-	-	38
Current period losses on fair value of investments	-	-	-	-	-	(725)	-	(725)
Balance as at 31 December 2019	**81**	**-**	**5,140**	**-**	**1,221**	**(2,034)**	**(1,945)**	**2,463**

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**
B share issue	24	2,238	-	-	-	-	-	2,262
Revenue return on ordinary activities after tax	-	-	-	-	-	-	(134)	(134)
Expenses charged to capital	-	-	-	-	(21)	-	-	(21)
Dividends paid	-	-	(172)	-	-	-	-	(172)
Current period gains on disposal	-	-	-	-	14	-	-	14
Current period losses on fair value of investments	-	-	-	-	-	(27)	-	(27)
Balance as at 31 December 2019	**64**	**2,806**	**3,255**	**-**	**(25)**	**(27)**	**(152)**	**5,921**

Balance Sheet

	Note	Combined as at 31 December 2019 £'000	Combined as at 31 December 2019 £'000	Combined as at 31 December 2018 £'000	Combined as at 31 December 2018 £'000
Fixed asset investments*	10		**4,761**		3,293
Current assets:					
Debtors	11	**3**		23	
Cash at bank and in hand		**3,909**		6,446	
Creditors: amounts falling due within one year	12	**(236)**		(291)	
Net current assets			**3,676**		6,178
Creditors: amounts falling due after more than one year	12	**(53)**		(190)	
Net assets			**8,384**		9,281
Called up equity share capital	13		**145**		121
Share premium	14		**2,806**		568
Special distributable reserve	14		**8,395**		10,839
Capital redemption reserve	14		**-**		-
Capital reserve – realised gains and losses	14		**1,196**		1,029
– holding gains and losses	14		**(2,061)**		(1,309)
Revenue reserve	14		**(2,097)**		(1,967)
Total equity shareholders' funds			**8,384**		9,281

*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 February 2020 and are signed on their behalf by:

John Hustler
Chairman
Company No: 04221489

Ordinary Share Balance Sheet (non-statutory analysis)

	Note	Ordinary shares as at 31 December 2019		Ordinary shares as at 31 December 2018	
		£'000	£'000	£'000	£'000
Fixed asset investments*	10		**2,068**		2,793
Current assets:					
Debtors		**-**		-	
Cash at bank and in hand		**470**		2,738	
Creditors: amounts falling due within one year		**(22)**		(59)	
Net current assets			**448**		2,679
Creditors: amounts falling due after more than one year	12	**(53)**		(190)	
Net assets			**2,463**		5,282
Called up equity share capital	13		**81**		81
Share premium			**-**		-
Special distributable reserve			**5,140**		7,412
Capital redemption reserve			**-**		-
Capital reserve – realised gains and losses			**1,221**		1,047
– holding gains and losses			**(2,034)**		(1,309)
Revenue reserve			**(1,945)**		(1,949)
Total equity shareholders' funds			**2,463**		5,282
Net asset value per share	9		**30.4p**		65.1p

*At fair value through profit and loss

B Share Balance Sheet (non-statutory analysis)

	Note	B shares as at 31 December 2019 £'000	B shares as at 31 December 2019 £'000	B shares as at 31 December 2018 £'000	B shares as at 31 December 2018 £'000
Fixed asset investments*	10		**2,693**		500
Current assets:					
Debtors		**3**		23	
Cash at bank and in hand		**3,439**		3,708	
Creditors: amounts falling due within one year		**(214)**		(232)	
Net current assets			**3,228**		3,499
Creditors: amounts falling due after more than one year	12	**-**		-	
Net assets			**5,921**		3,999
Called up equity share capital	13		**64**		40
Share premium			**2,806**		568
Special distributable reserve			**3,255**		3,427
Capital redemption reserve			**-**		-
Capital reserve – realised gains and losses			**(25)**		(18)
– holding gains and losses			**(27)**		-
Revenue reserve			**(152)**		(18)
Total equity shareholders' funds			**5,921**		3,999
Net asset value per share	9		**93.1p**		99.1p

*At fair value through profit and loss

Statement of Cash Flows

	Note	Combined Year to 31 December 2019 £'000	Combined Year to 31 December 2018 £'000
Cash flows from operating activities			
Return on ordinary activities before tax		**(715)**	66
Adjustments for:			
Decrease/(Increase) in debtors	11	**20**	(16)
(Decrease)/Increase in creditors	12	**(143)**	31
Gain on disposal of fixed asset investments	10	**(52)**	(903)
Loss on valuation of fixed asset investments	10	**752**	716
Cash from operations		**(138)**	(106)
Income taxes paid	7	**-**	-
Net cash used in operating activities		**(138)**	(106)
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(2,248)**	(500)
Sale of fixed asset investments	10	**80**	2,958
Total cash (outflow)/inflow from investing activities		**(2,168)**	2,458
Cash flows from financing activities			
Dividend paid		**(2,444)**	-
Issue of B shares		**2,262**	4,035
Awaiting B share issue		**(49)**	219
Total cash (outflow)/inflow from financing activities		**(231)**	4,254
(Decrease)/Increase in cash and cash equivalents		**(2,537)**	6,606
Opening cash and cash equivalents		**6,446**	(160)
Closing cash and cash equivalents		**3,909**	6,446

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

Ordinary Shares Statement of Cash Flows (non-statutory analysis)

	Note	Ordinary shares Year to 31 December 2019 £'000	Ordinary shares Year to 31 December 2018 £'000
Cash flows from operating activities			
Return on ordinary activities before tax		**(547)**	**102**
Adjustments for:			
Decrease in debtors		**-**	**7**
(Decrease)/Increase in creditors		**(174)**	**18**
Gain on disposal of fixed asset investments	10	**(38)**	**(903)**
Loss on valuation of fixed asset investments	10	**725**	**716**
Cash from operations		**(34)**	**(60)**
Income taxes paid	7	**-**	**-**
Net cash used in operating activities		**(34)**	**(60)**
Cash flows from investing activities			
Sale of fixed asset investments	10	**38**	**2,958**
Total cash inflow from investing activities		**38**	**2,958**
Cash flows from financing activities			
Dividend paid		**(2,272)**	
Total cash outflow from financing activities		**(2,272)**	**-**
(Decrease)/Increase in cash and cash equivalents		**(2,268)**	**2,898**
Opening cash and cash equivalents		**2,738**	**(160)**
Closing cash and cash equivalents		**470**	**2,738**

B Shares Statement of Cash Flows (non-statutory analysis)

	Note	B shares Year to 31 December 2019 £'000	B shares Year to 31 December 2018 £'000
Cash flows from operating activities			
Return on ordinary activities before tax		**(168)**	**(36)**
Adjustments for:			
Decrease/(Increase) in debtors		**20**	**(23)**
Increase in creditors		**31**	**13**
Gain on disposal of fixed asset investments	10	**(14)**	**-**
Loss on valuation of fixed asset investments	10	**27**	**-**
Cash from operations		**(104)**	**(46)**
Income taxes paid	7	**-**	**-**
Net cash used in operating activities		**(104)**	**(46)**
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(2,248)**	**(500)**
Sale of fixed asset investments	10	**42**	**-**
Total cash outflow from investing activities		**(2,206)**	**(500)**
Cash flows from financing activities			
Dividend paid		**(172)**	**-**
Issue of B shares		**2,262**	**4,035**
Awaiting B share issue		**(49)**	**219**
Total cash inflow from financing activities		**2,041**	**4,254**
(Decrease)/Increase in cash and cash equivalents		**(269)**	**3,708**
Opening cash and cash equivalents		**3,708**	**-**
Closing cash and cash equivalents		**3,439**	**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 2018 Annual Report and Financial Statements. A summary of the principal accounting policies is set out below.

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

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

Going Concern
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 or revenue multiples, forecast results of investee companies, asset values of investee companies and liquidity or marketability of the investments held. The material factors affecting the returns and net assets attributable to shareholders of the different share classes are the valuations of the Ordinary and B share pools and ongoing general expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

There have been no transfers between these classifications in the year (2018: 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 2019 or 31 December 2018. Should current assets be held, gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve - gains/(losses) on disposal.

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

The Company has not generated any income in 2019 (2018: £nil).

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 applicable tax rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended in the SORP.

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

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

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

Capital management is monitored and controlled using the internal control procedures set out on page 40 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 and may be used to cover dividend payments.

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

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

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

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

2. Income

	Year to 31 December 2019 £'000	**Year to 31 December 2018 £'000**
Dividends received	-	-
Loan note interest receivable	-	-
	-	-

Investment income includes interest earned on bank balances and dividends.

The Company has not generated any income in the period and as such we have not included any segmental reporting. In the event the Company had generated income, we would disclose information about the Company's operating segments and the geographical areas in which they operate, which is currently in the United Kingdom.

3. Investment Management Fees for B shares

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Gross Investment management fee	**103**	24
Cost cap refund from Seneca	**(75)**	(42)
Investment management fee net of cost cap	**28**	(18)

Seneca is entitled to an annual management fee of 2% of the weighted net asset value of the B share pool (2018: 2%) and, with effect from 1 August 2019, is also entitled to an annual fee of £9,000 (plus VAT, if applicable) in relation to management accounting services. These fees are payable quarterly in arrears. Seneca will also be entitled to certain monitoring fees from investee companies and the Board reviews the amounts (please see note 19).

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

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

For a three-year period with effect from 1 July 2018, expenses of the Company 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% across both the Ordinary share pool and the B share pool pro-rata to their respective net asset values.

The Investment Manager will indemnify the Company for any excess over the cost cap, with an amount equal to such excess either being paid by Seneca to the Company or refunded by way of a reduction to its fees. Accordingly, Seneca reduced its management fee by £75,000 in the year to 31 December 2019 (2018: reduced by £42,000).

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

4. Other Expenses

	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Directors' remuneration	**33**	41
Fees payable to the Company's auditor for the audit of the Financial Statements	**15**	14
Legal and professional expenses	**49**	38
Accounting and administration services	**12**	9
Other expenses	**14**	11
	123	113

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. It should be noted that the only items specifically relating to the Ordinary share pool relate to a £4k release of accrued advisory fees, which were no longer deemed to be required.

5. Directors' Remuneration

	Year to 31 December 2019 £	**Year to 31 December 2018 £**
Directors' emoluments:		
John Hustler (Chairman)	**12,897**	12,750
Charles Breese	**6,375**	12,750
Richard Roth	**12,897**	15,250
Alex Clarkson	**981**	N/A
Richard Manley	**-**	-
	33,150	40,750

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 2018 figures 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 45 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 four (2018: three). Charles Breese left the Board on 10 June 2019 and Alex Clarkson joined the Board on 9 December 2019.

6. Performance Fees for Ordinary shares

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

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

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

The amount of the Accrued Performance Incentive Fee shall be 25% of any dividends and capital distributions returned to shareholders, which in total exceed the sum of 80p per Ordinary share (the "Hurdle"). This includes dividends paid to date on the Ordinary shares, being 52.25p per share. As a result of this, for every £1 potentially distributable in excess of the Hurdle, 80p shall be distributed to shareholders and 20p shall be paid as the Accrued Performance Incentive Fee, up until an amount of 114.65p per Ordinary share has been distributed to Ordinary shareholders, after which no further payment is payable in respect of the Accrued Performance Incentive Fee or otherwise under the terms of the 2007 Agreement (as amended). The Accrued Performance Incentive Fee shall be paid at the same time as payments are made to the Ordinary shareholders. All distributions by way of dividends and capital distributions in relation to the Ordinary share class shall count towards the Accrued Performance Incentive Fee and where non-cash dividends are declared, the Company's auditors shall assess their value by reference to a distribution per share. Following payment in full of the Accrued Performance Incentive Fee, the Further Performance Incentive Fee may become payable to the CAC in relation to the period after 7 October 2015.

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

As at 31 December 2019, the Total Gross Return in respect of the Ordinary shares is 83.25p, and so 0.65p per share totalling £53,000 has been accrued (31 December 2018: 91.68p, 2.34p and £190,000) in respect of the Performance Incentive Fee.

Assuming no dividends are paid on the Ordinary shares in the year, the Total Gross Return would need to exceed 158.4p at 31 December 2020 before any Further Performance Incentive Fee could be due, and at that time, it would be 10% of any dividends or capital distributions made above this threshold. If the Further Performance Incentive Fee is not triggered (as it has not been in this financial year) the Further Hurdle, net of dividends paid, increments by a compound annual growth rate of 6%, applied quarterly as described above.

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

7. Tax on Ordinary Activities

The corporation tax charge for the period was £nil (2018: £nil).
The current rate of tax is the small companies' rate of corporation tax at 19% (2018: 19%)

Current tax reconciliation:	Year to 31 December 2019 £'000	Year to 31 December 2018 £'000
Return on Ordinary activities before tax	**(715)**	66
Current tax at 19% (2018: 19%)	**(136)**	13
Gains/losses not subject to tax	**133**	(36)
Excess management expenses carried forward	**3**	23
Total current tax charge and tax on results of ordinary activities	**-**	-

The company has excess management expenses of £2,755,000 (2018: £2,741,000) 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 2018: 8,115,376) shares, being the weighted average number of Ordinary shares in issue during the year, and a return for the year totalling (£547,000) (31 December 2018: £102,000).

The earnings per B share is based on 5,269,973 (31 December 2018: 3,412,545) shares, being the weighted average number of B shares in issue during the year, and a return for the year totalling (£168,000) (31 December 2018: (£36,000)).

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

9. Net Asset Value per Share

The calculation of NAV per Ordinary share as at 31 December 2019 is based on 8,115,376 Ordinary shares in issue at that date (31 December 2018: 8,115,376).

The calculation of NAV per B share as at 31 December 2019 is based on 6,361,448 B shares in issue at that date (31 December 2018: 4,036,370).

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 2019	1,117	2,985	4,102
Cumulative revaluation	344	(1,653)	(1,309)
Valuation at 1 January 2019	**1,461**	**1,332**	**2,793**
Movement in the year:			
Purchases at cost	-	-	-
Disposal proceeds	-	(38)	(38)
Gain/(loss) on disposal	-	38	38
Revaluation in year	(227)	(498)	(725)
Valuation at 31 December 2019	**1,234**	**834**	**2,068**
Book cost at 31 December 2019	1,117	2,985	4,102
Revaluation to 31 December 2019	117	(2,151)	(2,034)
Valuation at 31 December 2019	**1,234**	**834**	**2,068**

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 2019	-	500	500
Cumulative revaluation	-	-	-
Valuation at 1 January 2019	**-**	**500**	**500**
Movement in the year:			
Purchases at cost	748	1,500	2,248
Disposal proceeds	(42)	-	(42)
Gain/(loss) on disposal	14	-	14
Revaluation in year	(90)	63	(27)
Valuation at 31 December 2019	**630**	**2,063**	**2,693**
Book cost at 31 December 2019	720	2,000	2,720
Revaluation to 31 December 2019	(90)	63	(27)
Valuation at 31 December 2019	**630**	**2,063**	**2,693**

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Report on pages 12 to 24.

All investments are initially measured at their transaction price. Subsequently, at each reporting date, the investments are valued at fair value through profit or loss, and all capital gains or losses on investments are so measured. 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 2019 £'000	31 December 2018 £'000
Prepayments and accrued income	**3**	23

12. Creditors

	31 December 2019 £'000	31 December 2018 £'000
Amounts falling due within one year		
Accruals	**36**	43
Trade creditors	**8**	-
Awaiting B share allotment	**170**	219
Other creditors	**22**	29
Total amounts falling due within one year	**236**	291
Amounts falling due after one year		
Accruals	**53**	190
Total amounts falling due after one year	**53**	190

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 2019 £'000	31 December 2018 £'000
Allotted and fully paid up:		
8,115,376 Ordinary shares of 1p (2018: 8,115,376 shares of 1p)	**81**	81
6,361,448 B shares of 1p (2018 : 4,036,370)	**64**	40
	145	121

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 4.

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

The Company issued a total of 2,325,078 B shares at prices between 95.2p to 104.9p per B share during the year. These were issued pursuant to the original offer for subscription for B shares launched on 9 May 2018 and a further offer for subscription for B shares launched on 16 July 2019 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 shares.

The total proceeds received for the shares issued in the period was £2,282,490 (net of facilitated fees, gross of Seneca's promoter fee) for the B share pool.

Share Rights

As regards Income: shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Articles. Under the Articles of the Company, all the assets of the Company and all the liabilities of the Company will be allocated either to the Ordinary share pool or the B share pool. The Ordinary shares will be entitled to the economic benefit of the assets allocated to the Ordinary share pool and the B shares will be entitled to the economic benefit of assets allocated to the B share pool. Therefore, although the rules in the CA 2006 and elsewhere in relation to the payment of distributions will be applicable to the

Company on a company-wide basis, the income arising on the portfolios will belong to one or the other of the share classes depending on which portfolio generated the income.

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

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

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

14. Movement in Shareholders' Funds

	Year ended 31 December 2019 £'000	**Year ended 31 December 2018 £'000**
Shareholders' funds at start of year	**9,281**	5,180
Return on ordinary activities after tax	**(715)**	66
Increase due to issue of B shares	**2,262**	4,035
Dividend paid	**(2,444)**	-
Shareholders' funds at end of year	**8,384**	9,281

The analysis of changes in equity by the various reserves are shown in the Statement of Changes in Equity on page 57.

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 £4,014,000 and of the Share Premium Account of the Company by £3,427,000, thereby creating additional distributable reserves of £7,441,000. 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 £5,433,000 as at 31 December 2019 (2018: £8,592,000). Although the distributable reserves total £5,433,000 as at 31 December 2019, only £2,006,000 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. A further interim capital dividend of 18 pence per Ordinary share for the year to 31 December 2019 was paid on 7 June 2019.

An interim dividend of 1.5 pence per B share for the year to 31 December 2019 was paid on 18 April 2019. A second interim dividend of 1.5 pence per B share for the year to 31 December 2019 was paid on 13 December 2019.

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 2019 and 31 December 2018:

	31 December 2019 £'000	31 December 2018 £'000
Financial assets at fair value through profit or loss		
Fixed asset investments	**4,761**	3,293
Total	**4,761**	3,293
Financial assets measured at amortised cost		
Cash at bank and in hand	**3,909**	6,446
Debtors	**3**	23
Total	**3,912**	6,469
Financial liabilities measured at amortised cost		
Creditors	**30**	29
Accruals	**36**	44
Total	**66**	73

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 initially recognised at fair value, which is usually the transaction price, and then thereafter at amortised cost.

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

Details of the Company's investment portfolio at the balance sheet date are set out on pages 14 to 24.

34.5% (2018: 19.7%) 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 2019 would have increased net assets and the total return for the year by £290,000 (2018: £183,000) 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.

22.2% (2018: 15.7%) 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 2019 would have increased net assets and the total return for the year by £186,000 (2018: £146,000) 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 2019 or 31 December 2018.

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

Exosect Limited was dissolved on 24 January 2020 following the company going into administration in October 2018 and the investment having been fully written down. However, this does not impact the profit and loss account of the Company as it has already been fully provided for.

We are not aware of any other post balance sheet events to bring to your attention.

18. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments as at 31 December 2019 (2018: £nil).

19. Related Party Transactions

The Board acted as the investment manager of the Company until Seneca were appointed on 23 August 2018. Certain Directors are entitled to participate in a performance bonus as detailed in note 6. During the year, Seneca have earnt £103,000 in management fees (2% of the weighted average net assets of the B share portfolio). However, only £28,000 is recoverable by Seneca as a result of the cost cap, as detailed in note 3. Therefore, at the year end, the Company owed Seneca £10,000, which appeared as a creditor, representing the net effect of the 2018 management fee debit balance of £18,000 and the 2019 management fee credit balance of (£28,000).

Seneca as Investment Manager accrued £138,132 (2018: £19,997) transaction fees and directors' fees from investee companies in relation to the arrangement and monitoring of investments. As a related party, we believe that this transaction is disclosable, and we ensure it is managed from a conflicts of interest point of view. 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 16 July 2019, Seneca (as promoters of the Offer) are entitled to charge the Company up to 5.5% of investors' subscriptions. A total of £20,294 has been accrued to Seneca, based on the allotments of £2,282,490 (net of facilitated fees, gross of the promoter fee) as at 31 December 2019 (2018: £40,596).

Shareholder Information and Contact Details

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address should contact the Company's Registrar, Neville, whose details can be found on page 82. 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 February 2020)	22.0p per share	89.0p 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

Risk Warning - Financial Scams

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

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

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

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

Notification of change of address

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

Other information for Shareholders

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

Directors and Advisers

Board of Directors
John Hustler (Chairman)
Alex Clarkson
Richard Manley
Richard Roth

Company Number
Registered in England & Wales
No 04221489

Secretary and Registered Office
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Bankers
The Royal Bank of Scotland plc
62/63 Threadneedle Street
London
EC2R 8LA

Registrars
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD
Tel: 0121 585 1131
www.nevilleregistrars.co.uk

Financial Adviser
Beaumont Cornish Limited
10th Floor
30 Crown Place
London
EC2A 4EB

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 Greater Manchester Chamber of Commerce, Elliot House, 151 Deansgate, Manchester, M3 3WD on Tuesday 28 April 2020 at 11.00 a.m. for the following purposes:

Ordinary Business

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

1. THAT the Directors' Annual Report and Financial Statements and the auditors' report thereon for the year ended 31 December 2019 be received.
2. THAT the Directors' Remuneration Report in respect of the year ended 31 December 2019 be approved.
3. THAT John Hustler be re-elected as a Director of the Company.
4. THAT Richard Manley be re-elected as a Director of the Company.
5. THAT Alex Clarkson be re-elected as a Director of the Company.
6. THAT Richard Roth be re-elected as a Director of the Company.

   Biographical details for each Director and their individual contributions to the Company towards its long-term sustainable success can be found on page 31 of the Annual Report.

7. 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.
8. THAT the Directors be authorised to determine the auditor's remuneration.

Special Business

9. 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 shares of 1p each in the capital of Company ("B shares") up to an aggregate nominal amount of £350,000 in connection with offer(s) for subscription;
   b. B shares for cash and otherwise than pursuant to sub-paragraph a. above, up to an aggregate nominal amount of £80,000; 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.

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 shares provided that:

a. the maximum number of B shares hereby authorised to be purchased is an amount equal to 14.99% of the issued B share capital of the Company from time to time;
b. the minimum price which may be paid for a B share is 1 pence per share, the nominal amount thereof;
c. the maximum price which may be paid for a B 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 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 shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own B shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

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

11. 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 9 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.

By order of the Board	Registered Office:
Craig Hunter	12 The Park
Company Secretary	Haydock
26 February 2020	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. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**EUI**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (**CREST ID 7RA11**) by 11.00 a.m. on 26 April 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

viii. A reply-paid Form of Proxy 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 26 April 2020 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

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

x. As at 25 February 2020 (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 6,361,448 B shares, all of which carry one vote each. Therefore, the total voting rights in the Company as at 25 February 2020 was 14,476,824.

xi. 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.

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

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

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

SENECA
GROWTH CAPITAL VCT PLC

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