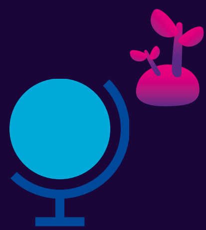
Octopus Apollo VCT plc



Annual Report and Accounts for the year ended 31 January 2021

Company number: 05840377

For UK investors only

octopus investments

Octopus Apollo VCT plc ("Apollo" or the "Company") is a venture capital trust ("VCT") which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly unquoted companies. The Company is managed by Octopus Investments Limited ("Octopus" or the "Manager").

Contents

Financial Summary

	Year to 31 January 2021	Year to 31 January 2020
Net assets (£'000)	**168,237**	132,373
Profit after tax (£'000)	**19,767**	4,144
Net asset value ("NAV") per share (p)	**49.2**	45.7
Cumulative dividends paid since launch (p)	**76.4**	74.1
NAV plus cumulative dividends paid (p)	**125.6**	119.8
Total return %*	**12.7**	3.4
Dividends per share paid in the year (p)	**2.3**	3.0
Proposed final dividend (p)**	**1.3**	1.1

*Total Return is an alternative performance measure calculated as movement in NAV in the period plus dividends paid in the period, divided by the NAV at the beginning of the period.

**The final proposed dividend of 1.3p per Ordinary share for the year ended 31 January 2021 will, subject to shareholder approval at the Annual General Meeting, be paid on 23 July 2021 to all Ordinary shareholders on the register on 9 July 2021.

Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of Terms on page 64.

Dividend History

The table below shows the total shareholder return, NAV plus dividends paid, over the last five years.

Year Ended	NAV	Dividends paid in year	Cumulative dividends	NAV + cumulative dividends
31 January 2017	63.2p	21.5p	54.0p	117.2p
31 January 2018	50.6p	14.0p	68.0p	118.6p
31 January 2019	47.1p	3.1p	71.1p	118.2p
31 January 2020	45.7p	3.0p	74.1p	119.8p
31 January 2021	49.2p	2.3p	76.4p	125.6p

Key Dates

Annual General Meeting	30 June 2021
Final dividend payment date	23 July 2021
Interim results to 31 July 2021 published	September 2021

Chair's Statement

Performance

I am pleased to present the annual results for Apollo for the year ended 31 January 2021. The NAV plus cumulative dividends per share at 31 January 2021 was 125.6p, an increase of 5.8p per share from 31 January 2020. The NAV per share increased during the year from 45.7p to 49.2p which represents, after adding back the 2.3p of dividends paid in the year, a total return for the year of 12.7% compared to 3.4% in the previous year.

As shareholders are aware, the Coronavirus pandemic hit around the end of 2019 and on 2 April 2020, following a review of the impact of the pandemic on Apollo's portfolio, we announced a 6.1% reduction in the NAV per share to 42.9p. I am happy to say that Apollo, in a year the like of which none of us has ever experienced, has performed strongly since then and financial year 2021 has been the strongest year ever for the Company with a 12.7% total return. Our focus on the technology sector played a major role in Apollo's performance and we have seen exciting growth in the value of a number of our investee companies.

Further details of the year's performance is highlighted in the Investment Manager's Review on page 4.

Whilst the commentary presented below refers primarily to the position at 31 January 2021, post the year-end we reviewed the portfolio in advance of recent share allotments and this led to our announcing an increase in the NAV per share from 49.2p to 50.1p on 12 March 2021. In part, this reflects the successful conclusion of certain exits which were still uncertain at 31 January 2021.

Investment Activity

In the year under review the Company invested £15.9 million, representing £7.6 million into two new investments and £8.3 million of follow-on capital into existing investee companies to fund their growth plans, further details of which can be found in the Investment Manager's report. There were two partial exits and two full exits of portfolio companies during the year generating total proceeds to the Company of £3.4 million.

Dividend and Dividend Policy

It is your Board's policy to maintain a regular dividend flow where possible in order to take advantage of the tax-free distributions a VCT is able to provide, and work towards the targeted 5% annual dividend yield policy.

I am pleased to confirm that the Board has proposed a final dividend of 1.3p per share in respect of the year ended 31 January 2021. This is in addition to the 1.2p interim dividend paid on the 15 January 2021, and will bring the total dividends declared to 2.5p for the year. As in previous years, dividends will first be paid out of any revenue reserves, with any remaining balance to be paid from the special distributable reserve. The dividend will be payable on 23 July 2021 to shareholders on the register at 9 July 2021.

Dividend Reinvestment Scheme (DRIS)

In common with a number of VCTs, the Company has a dividend reinvestment scheme which was introduced in November 2014. This is an attractive scheme for investors who would prefer to benefit from additional income tax relief on their re-invested dividend. I hope that shareholders will find this scheme beneficial.

During the year to 31 January 2021, 3,189,125 shares were issued under the DRIS, returning £1.4 million to the Company.

Share Buybacks

Your Company has continued to buy back and cancel shares as required. Subject to shareholder approval of resolution 8 at the forthcoming Annual General Meeting (AGM), this facility will remain in place to provide liquidity to investors who may wish to sell their shares, subject to Board discretion. Details of the share buybacks undertaken during the year can be found in the Directors' Report on page 23.

Dividends, whether paid in cash or re-invested under the DRIS, and share buybacks are at the discretion of the Board, and in light of the present circumstances, may be reviewed when necessary.

VCT Regulations Status

PwC provides both the Board and Manager with advice concerning ongoing compliance with HMRC's rules and regulations concerning VCTs. The Board has been advised that the Company is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

A key requirement is to maintain at least a 80% qualifying investment level which, at 31 January 2021, was at 87.4%.

Further information on VCT regulation is detailed in the Directors' Report on page 22.

Annual General Meeting

Following government guidelines, our AGM will be held remotely at 10.00am on Wednesday 30 June 2021. Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 66 and 67 of the Financial Statements.

We will also be hosting a virtual shareholder event after the AGM at 10.30am. This will enable shareholders to receive an update from the Portfolio Manager and provide an opportunity for questions to the Board and the Portfolio Manager. You can register for the event at **octopusinvestments.com/apollo-shareholder-event/**.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions within the Notice of Annual General Meeting on pages 66 and 67 of the Financial Statements using the proxy form, or electronically at **www.investorcentre.co.uk/eproxy** as there will be no opportunity to vote in person. The Board has carefully considered the business to be approved at the Annual General Meeting and recommends shareholders to vote in favour of all the resolutions being proposed. We encourage shareholders to submit their votes by proxy.

We always welcome questions from our shareholders at the AGM but this year, to ensure we are able to respond to any questions you may have for either the Portfolio Manager or Apollo VCT Board, please send these via email to **ApolloAGM@octopusinvestments.com** by 5:00pm on 25 June 2021. All questions received will be included on the website along with the relevant replies at **www.octopusinvestments.com/our-products/venture-capital-trusts/octopus-apollo-vct/**.

Board of Directors

James Otter will be standing down from the Board of Apollo on 31 July 2021. James was Chair of Octopus VCT and joined the board when it was merged into Apollo in 2014. On behalf of shareholders and other board members, I would like to thank James for his insightful contributions to the board during the uncertain and challenging times which we have experienced.

The Board have begun a process to identify a replacement for James and will notify you of its outcome as soon as it is concluded.

Outlook and future prospects

We continue to be optimistic about the Company's future investment prospects and its current diverse portfolio. Even during the past year which was filled with uncertainty due to the Coronavirus pandemic, the Company has shown great resilience and has shown a record 12.7% total return in the year. The majority of our investee companies have been performing very well and only a small minority have been negatively influenced by these events.

The investment team completed two new investments and seven follow-on investments during the year and expects to be able to continue with further new investment activity in 2021, with one new investment of £4.0 million and one follow-on of £2.5 million already made since year end.

This favourable position led your Board to announce on 3 March 2021 that it is in the interest of shareholders for the Company to extend the current fundraising from £35 million to £75 million. This will allow the investment team to continue making investments on behalf of the Company, helping to further diversify the assets and create opportunities for future growth.

Murray Steele

Murray Steele
Chair
13 May 2021

Investment Manager's Review

Personal Service

At Octopus we focus on both managing your investments and keeping you informed throughout the investment process. We are committed to providing our investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment.

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage four VCTs, including Apollo, and manage over £1.6 billion of assets in the VCT sector which makes us by some distance the UK's leading VCT manager.

Investment Policy

The majority of companies in which Apollo invests operate in sectors where there is a strong opportunity for growth. Ideally, we invest in companies that have recurring or repeating revenues from financially sound customers. We also seek to invest into companies that will provide an opportunity for the VCT to realise its investment typically within three to five years.

Performance

The Company made a total return per share of 12.7% in the year 31 January 2021, which is the highest total return since the inception of Octopus Apollo VCT plc. The NAV per share increased from 45.7p to 49.2p. In addition, 2.3p of dividends were paid over the period, bringing cumulative dividends paid to date to 76.4p and the total return (NAV plus cumulative dividends) to 125.6p per share.

Despite the fact that the past year was full of uncertainty caused by the Coronavirus pandemic, in the first six months of the year, the Company reported a total return per share of 0.9%. The second half of the year generated a total return of 11.8% after adding back 2.3p of dividends. This demonstrates a good level of resilience as well as validation of the change in Apollo's investment strategy over recent years. Apollo provides three pillars of growth from its funding – expansion of sales and marketing functions, incremental R&D, and geographic expansion. These were the common themes running through the portfolio companies in the period, with the resulting company growth being the key driver of performance.

As seen through the Top 10 Investments in the year on page 6 and 8, the performance during the year was largely attributable to strong performance in the new investments made in recent years. Pleasingly, however, the legacy part of the portfolio also contributed positively in aggregate during the year. Performance is discussed further in the Portfolio Review below.

Since the year end, the Investment Manager along with the Board assessed the latest position of all the underlying portfolio companies. This resulted in a revised NAV of 50.1p per share which was an increase of 1.8% from the 31 January NAV. This NAV change reflects valuation adjustments across the portfolio, which are carried out at fair value.

Portfolio Review

As at 31 January 2021 the Company's portfolio is comprised of 50 companies with a total valuation of £143.8 million. This represents 85.5% of the net assets of the fund with 18.6% of the net assets held as cash or liquid assets at the year-end. The portfolio includes eight quoted AIM investments (4.8% of net assets), eight Octopus Titan VCT plc (an Octopus managed VCT) co-investments (3.8% of net assets), with the balance (76.9% of net assets) being Apollo-only investments in private companies.

During the year, the value of the invested portfolio increased by £25.9 million, excluding additions and disposals. The increase is as a result of positive valuation movements across a number of investments in the portfolio including the fund's investments in Veeqo Limited, N2JB Limited (trading as Natterbox), Hasgrove Limited, Countrywide Heathcare Services Limited, Healthcare Services and Technology Limited and Simply Cook Limited. These increases were offset by negative valuation adjustments during the year from the three Reserve Power companies, namely Kabardin Ltd, Valloire Power Ltd and Red Poll Power Ltd which had a combined £3.5 million valuation decrease.

As part of liquidity management, during the early part of the year £12 million was invested in the Octopus Portfolio Manager ("OPM") funds, while later in the year £9 million was withdrawn from such funds, taking total OPM holdings at 31 January 2021 to £16.7 million, at year end valuations. Octopus has waived its management fees in relation to OPM.

The Company's investment portfolio is set out on page 6. It continues to hold appropriate investments to meet VCT requirements.

Investment Activity

During the year, the Company disposed of two investments, Cello Health plc and Acquire Your Business Ltd, and made two part-disposals for total sale proceeds of £3.4 million. In the year, we saw a net realised gain of £0.9 million on these transactions, primarily as a result of the part-disposals of Hasgrove Limited and Ergomed Limited.

The Company made the following new investments during the year:

- **Sova Assessment £3.0 million** – Sova is a candidate assessment and talent management software platform. It provides technology to blue-chip organisations across a range of sectors that conduct large volumes of hiring with a need to digitise the candidate experience; and
- **Ryte £4.6 million** – Ryte is a website quality management software business. It helps organisations optimise the performance of their website to enhance the customer experience, improve SEO results and ensure compliance with regulatory standards.

In addition to the new investments above, the Company invested £8.3 million in follow-on capital to seven existing investee companies to continue their growth plans.

Since the year end, the Company has also made one follow-on investment of £2.5 million and one further new investment of £4.0 million.

Outlook and Future Prospects

This time last year we wrote about the Coronavirus pandemic and the high level of uncertainty that existed in an economic sense. The rapid development of the Coronavirus pandemic since the Apollo prior year end had spread fear and disrupted global economic activity. Central banks had reduced interest rates and Governments had announced unprecedented peacetime financial support and stimulus in response. After three national lockdowns, I am hoping that the worst is behind us and that the Coronavirus pandemic can be brought under control as the vaccines are being rolled out.

Although Apollo faced some challenges in the first half of its financial year, I am happy to say that it has been a record year for the Company with a 12.7% total return. The nature of the current investment portfolio and the characteristics of the businesses that the Company supports are largely contracted recurring revenue business models, which means that several assets have been insulated from any direct impact from the pandemic. They are therefore well-positioned to be more resilient (e.g. they are not like business which have seen revenues fall dramatically due to the social distancing measures imposed, such as businesses in the travel, leisure or retail sectors).

We therefore remain optimistic about the Company's future investment prospects and its current diverse portfolio. The investment team has continued to create a healthy pipeline of new growth capital investments that meet the investment criteria of the Company owing to its origination activities during the previous year. This level of investment activity, as noted in the Chair's Statement, has led to the extension of the current fundraising process from £35 million to £75 million to ensure that the Company has sufficient capital available for the investment team to make new investments to support further diversification of the investment portfolio and any potential follow-on investments into existing assets.

If you have any questions on any aspect of your investment, please call one of the team on **0800 316 2295**.

Richard Court
Octopus Investments Limited
13 May 2021

Valuation Methodology

Overview

Each unquoted portfolio investment will be valued at least twice a year, usually at the Apollo interim and year end dates (31 July and 31 January, respectively), although this may vary according to fund raising schedules. The portfolio investments are valued in accordance with International Private Equity and Venture Capital (IPEV) valuation guidelines. This means the investments are valued at fair value. In March 2020, these guidelines were updated with special valuation guidance in relation to Coronavirus. This clarified that fair value is based on what is known and knowable at the measurement date, and our valuations take account this the new guidance. The value of the unquoted portfolio investments will be combined with the value of the quoted portfolio investments, together with the value of the Fund's other assets, investments and liabilities to generate the overall Net Asset Value of the Fund.

General Principles

For all companies we invest in, we will consider several triangulated valuation methodologies including recent funding rounds, relevant trading comparables, recent M&A comparables and investment comparables to inform the company valuation, and may adjust up or down accordingly. For companies that have raised funds recently, the price of the most recent funding round may be an indicator of fair value. However, it may be appropriate to update this value, if this value is no longer deemed to be fair value. This may include both downward revisions reflecting underperformance, or valuation increases.

If you would like to find out more regarding the IPEV guidelines, please visit their website at **www.privateequityvaluation.com**.

Investment Portfolio

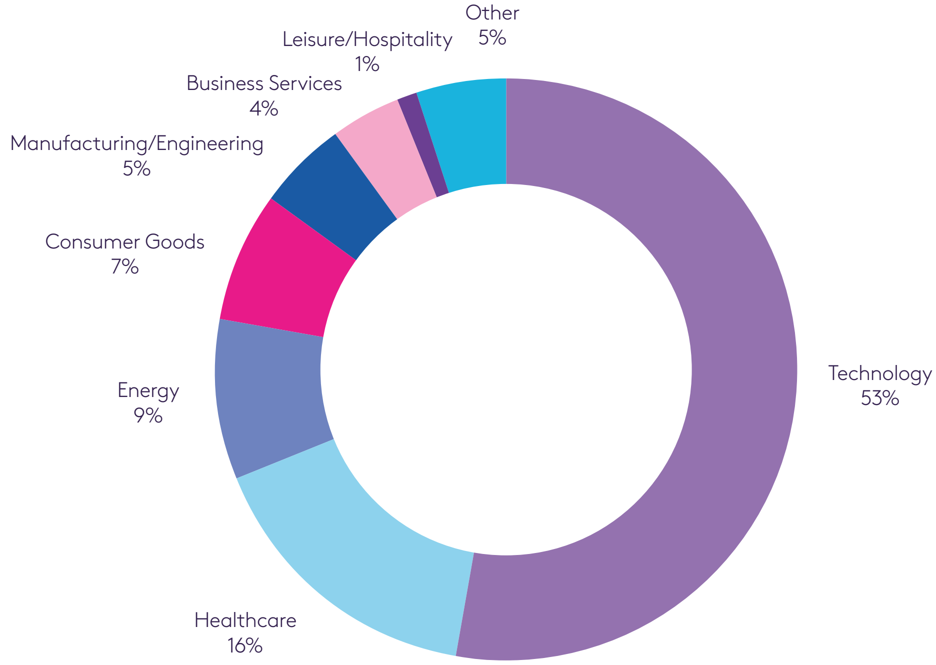
Top 10 Investments	Sector	Investment cost as at 31 January 2021 £'000	Total movement in fair value since investment £'000	Fair value as at 31 January 2021 £'000	Movement in fair value in year to 31 January 2021 £'000	% equity held by Apollo VCT
Natterbox Limited	Technology	12,990	8,271	21,261	3,975	9.0
Healthcare and Services Technology Limited	Healthcare	7,186	3,725	10,911	2,415	10.0
Ubisecure Holdings Limited	Technology	5,575	4,421	9,996	2,245	30.0
Veeqo Limited	Technology	4,350	5,198	9,548	4,803	23.9
Simply Cook Limited	Consumer Goods	6,750	2,605	9,355	2,605	23.5
Countrywide Healthcare Supplies Holdings Limited	Healthcare	2,675	5,566	8,241	2,884	20.7
Anglo European Group Limited	Manufacturing	5,000	2,274	7,274	321	26.7
One Team Logic Limited	Technology	3,700	2,332	6,032	2,154	17.5
Fuse Universal Limited	Technology	5,000	602	5,602	434	0.0
Ryte GmbH	Technology	4,547	985	5,532	985	16.2
Other*		57,682	(7,603)	50,080	3,036	
Total investments		115,455	28,376	143,832	25,857	
Current asset investments				16,657		
Cash at bank				14,680		
Debtors less creditors				(6,932)		
Net assets				**168,237**		

*Other comprises the remaining 40 investments whose valuation is outside the top 10: Angelico Solar Limited, Artesian Solutions Limited, Augean plc, Barrecore Limited, Behaviometrics AB, Bramante Solar Limited, British Country Inns plc, Canaletto Solar Limited, CurrencyFair Limited, Dyscova Limited, Ecrebo Limited, EKF Diagnostics Holdings plc, Ergomed plc, Eve Sleep plc, Fiscaltec, Hasgrove Limited, Kabardin Limited, Leonardo Solar Limited, Luther Pendragon Limited, Mi-Pay Group plc, Modigliani Solar Limited, Nektan plc, Origami Energy Limited, Oxifree Group Holding Limited, Pirlo Solar Limited, Red Poll Power Limited, Renalytix plc, Secret Escapes Limited, Segura Systems Limited, Sourceable Limited, Sova Assessment Limited, Superior Heat Limited, Tintoretto Solar Limited, Tiziano Solar Limited, Trafi Limited, Triumph Holdings Limited, Valloire Power Limited, Vertu Motors plc and Winnipeg Heat Limited.

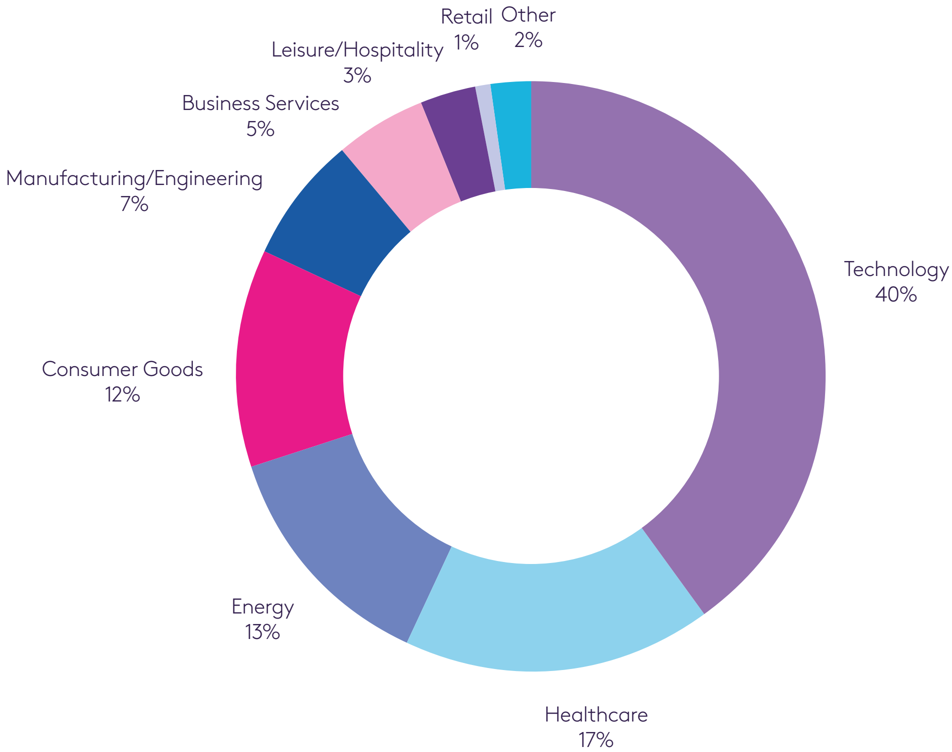
Sector Analysis

The charts below show the sectors that the Company is invested in and their respective proportions as a percentage of fixed asset investments.

31 January 2021



31 January 2020



Review of Investments

At 31 January 2021 the Company's portfolio comprised of investments in 41 unquoted companies and 9 AIM-traded investments. The unquoted investments are in Ordinary shares with full voting rights as well as loan note securities.

Unquoted investments are valued in accordance with the valuation methodology set out on page 6 and the accounting policy set out on pages 51 and 52, which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with the latest IPEV guidelines (2018) and current financial reporting standards. In March 2020, these guidelines were updated with special valuation guidance in relation to Coronavirus. This clarified that fair value is based on what is known and knowable at the measurement date, and our valuations take account this the new guidance.

Ten Largest Holdings

Listed below are the ten largest investments by value as at 31 January 2021:

Natterbox Limited

Natterbox is a London-based provider of business to business cloud telephony services that are uniquely integrated into Customer Resource Management ("CRM") software platforms, most notably Salesforce. Further information can be found at the company's website **www.natterbox.com**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	925	4,494
Preference shares	10,570	15,272
Loan stock	1,495	1,495
Total	**12,990**	**21,261**

Investment date: March 2018
Equity held: 9.0%
Valuation basis: Revenue multiple
Last submitted accounts: 31 December 2019
Turnover: Not disclosed
Profit before tax: Not disclosed
Net assets: £(1,117,000)

Healthcare and Services (HAS) Technology Limited

HAS Technology is the group holding company for Care Monitoring 2000 Limited and Ezitracker Limited. HAS Technology Group companies provide end-to-end, cloud based, remote workforce monitoring, scheduling and financial management solutions which benefit a diverse range of industry sectors including health, social care and facilities management in the UK and overseas. Further information can be found at the company's website **www.cm2000.co.uk**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	100	3,411
A ordinary shares	3,100	3,100
B preference shares	800	800
Loan stock	3,186	3,600
Total	**7,186**	**10,911**

Investment date: February 2013
Equity held: 10.0%
Valuation basis: Earnings multiple
Last submitted group accounts: 31 December 2019
Consolidated turnover: £16,289,000
Consolidated loss before tax: £(3,832,000)
Consolidated net assets: £23,954,000

Ubisecure Holdings Limited

Ubisecure is a customer identity access management software provider and issuer of legal-entity identifiers, serving a wide-range of sectors including financial services, public sector and media customers. Further information can be found at the company's website **www.ubisecure.com**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	255	2,566
Preference shares	4,245	6,355
Loan stock	1,075	1,075
Total	**5,575**	**9,996**

Investment date: May 2018
Equity held: 30.0%
Valuation basis: Revenue multiple
Last submitted group accounts: 31 December 2019
Consolidated turnover: £3,263,000
Consolidated loss before tax: £(2,911,000)
Consolidated net assets: £4,264,000

Veeqo Limited

Veeqo is a retail automation platform that helps retailers sync their inventory across multiple sales channels and fulfil customer orders. Further information can be found at the company's website **www.veeqo.com**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	3,525	8,723
Loan stock	825	825
Total	**4,350**	**9,548**

Investment date: March 2019
Equity held: 23.9%
Valuation basis: Revenue multiple
Last submitted accounts: 29 February 2020
Turnover: Not disclosed
Profit before tax: Not disclosed
Net assets: £(135,000)

Simply Cook Limited

Simply Cook is a provider of meal kit boxes, consisting of recipe cards and spice/flavour pots, primarily on a direct-to-consumer subscription basis delivered by post (as well as currently rolling out via the retail channel with Sainsburys and Waitrose). Further information can be found at the company's website **www.simplycook.com**.

Asset class	Cost £'000	Valuation £'000
A ordinary shares	5,400	8,005
Loan stock	1,350	1,350
Total	**6,750**	**9,355**

Investment date: December 2018
Equity held: 23.5%
Valuation basis: Revenue multiple
Last submitted accounts: 31 December 2019
Turnover: Not disclosed
Profit before tax: Not disclosed
Net assets: £328,000

Countrywide Healthcare Supplies Holdings Limited

Countrywide Healthcare Supplies is a supplier and distributor of non-specialist products to the care industry, including healthcare consumables, equipment and furniture. The company operates nationally and serves some of the largest care home groups and hospitals in the UK. Further information can be found at the company's website **www.countrywidehealthcare.co.uk**.

Asset class	Cost £'000	Valuation £'000
A ordinary shares	276	5,841
B ordinary shares	147	147
Loan stock	2,252	2,253
Total	**2,675**	**8,241**

Investment date: April 2014
Equity held: 20.7%
Valuation basis: Earnings multiple
Last submitted group accounts: 30 September 2020
Consolidated turnover £30,556,000
Consolidated profit before tax: £3,831,000
Consolidated net assets: £5,093,000

Anglo European Group Limited

Anglo European is now the UK's foremost supplier of galvanised metal sections and reinforcement for the trade window fabrication sector. Established in 1989, the company has built its reputation on high quality manufacturing, rapid delivery and professional customer service. Further information can be found at the company's website **www.angloeuropeangroup.co.uk**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	1,500	3,774
Loan stock	3,500	3,500
Total	**5,000**	**7,274**

Investment date: October 2015
Equity held: 26.7%
Valuation basis: Earnings multiple
Last submitted group accounts: 31 March 2020
Consolidated turnover: £24,284,000
Consolidated profit before tax: £848,000
Consolidated net assets: £6,686,000

One Team Logic Limited

One Team Logic is the vendor of the safeguarding software MyConcern, the Queen's-Award winning SaaS solution used by organisations around the world to help protect children and adults at risk. Further information can be found at the company's website **www.myconcern.co.uk**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	2,590	4,922
Loan stock	1,110	1,110
Total	**3,700**	**6,032**

Investment date: August 2019
Equity held: 17.5%
Valuation basis: Revenue multiple
Last submitted accounts: 31 December 2019
Turnover: Not disclosed
Profit before tax: Not disclosed
Net assets: £518,000

Fuse Universal Limited

Fuse is a business to business software provider of a cloud-based learning technology platform for corporates, founded in 2008 and based in London (with further offices in South Africa and Australia). Further Information can be found at the company's website **www.fuseuniversal.com**.

Asset class	Cost £'000	Valuation £'000
A Preferred ordinary shares	4,000	4,602
Loan stock	1,000	1,000
Total	**5,000**	**5,602**

Investment date: August 2019
Equity held: 0%
Valuation basis: Fair value of accrued return
Last submitted group accounts: 30 June 2020
Consolidated turnover: £9,235,000
Consolidated loss before tax: £(6,854,000)
Consolidated net assets: £1,415,000

Ryte GmbH

Ryte is a website quality management software business. It helps organisations optimise the performance of their website to enhance the customer experience, improve SEO results and ensure compliance with regulatory standards **www.ryte.com**.

Asset class	Cost £'000	Valuation £'000
A3 preference shares	4,547	5,532
Total	**4,547**	**5,532**

Investment date: December 2020
Equity held: 16.2%
Valuation basis: Revenue multiple
Last submitted group accounts: 31 December 2019
Consolidated turnover: €4,042,000
Consolidated profit before tax: €16,000
Consolidated net assets: €1,414,000

If you have any questions on any aspect of your investment, please call one of the Octopus team on **0800 316 2295**.

Development Capital Team

Business Review

The Directors are required by the Companies Act 2006 to include a Strategic Report to Shareholders. The Strategic Report comprises the Chair's Statement, Business Review and Investment Manager's Review.

The Company's Objective

The objective of the Company is to invest in a diversified portfolio of smaller unquoted UK companies which meet the relevant criteria for VCTs in order to generate income and capital growth over the long-term. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value. The Company's investments are managed by Octopus.

Investment Policy

The Company's investment policy is designed to enable the Company to comply with the VCT qualifying conditions. It invests predominantly in unquoted smaller companies and expects that this will continue to make up the significant majority of the portfolio. It will also retain holdings in cash or near cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks.

Unquoted investments are structured using various investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the VCT legislation. The portfolio is diversified by investing in a broad range of industry sectors. The normal investment period into portfolio companies is expected to be typically between the range of three to seven years. Any uninvested funds are typically held in cash, money market funds, Open Ended Investment Companies (OEICs) and similar investment vehicles.

Although the Directors cannot be sure of the overall impact of the Coronavirus pandemic on the investment portfolio and performance over the medium term, the Company spreads the risk of the portfolio by investing in a diversified range of portfolio companies using a variety of securities. Concentration risk is mitigated by ensuring that at the point of investment no more than 15% of Apollo by value will be in any one investment, complying with the HMRC rules.

The value of individual investments is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. This is a two-fold assessment, to ensure we optimise the time for the sale and for comfort on the liquidity of unquoted investments if ever cash is required. The Company's VCT qualifying investments are held with a view to long-term capital growth as well as income generation and will often have limited marketability. As a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Investments are made using shareholders' funds and it is not currently intended that the Company will take on any long-term borrowings.

No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors monitor the investment process and ensure compliance with the investment policy.

A review of the investment portfolio and of market conditions during the year is included in the Chair's Statement and Investment Manager's Review which form part of the Strategic Report on pages 2 and 4 to 5. This Business Review also forms part of the Strategic Report on pages 12 to 18.

Co-investment Policy

Where one or more of the companies managed or advised by Octopus wishes to participate in an investment opportunity, allocations will be made by Octopus in how they split this across their funds as at the date of the investment. In the event of a conflict of interest on the part of Octopus or where co-investment is proposed to be made other than on a pro-rata basis, such an investment requires the approval of the Board.

Liquidity Strategy

The Board's strategy is to maintain an appropriate level of liquidity in the Balance Sheet to continue to achieve the following four targets:

- to support further permissible investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to support a constant dividend flow; and
- to provide liquidity in the shares through the ability to buy back the Company's shares as they become available.

The Investment Manager and Board have considered the effect of the Coronavirus pandemic on the investment portfolio in their assessment on Viability, discussed later in the report.

VCT Regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Internally, this is measured on a continuous basis and it is reviewed by PricewaterhouseCoopers LLP (PwC) every six months who perform a comprehensive validation exercise. The primary purpose of the investment policy is to ensure Apollo continues to qualify and is approved as a VCT by HMRC. The main criteria to which Apollo must adhere are detailed on page 61.

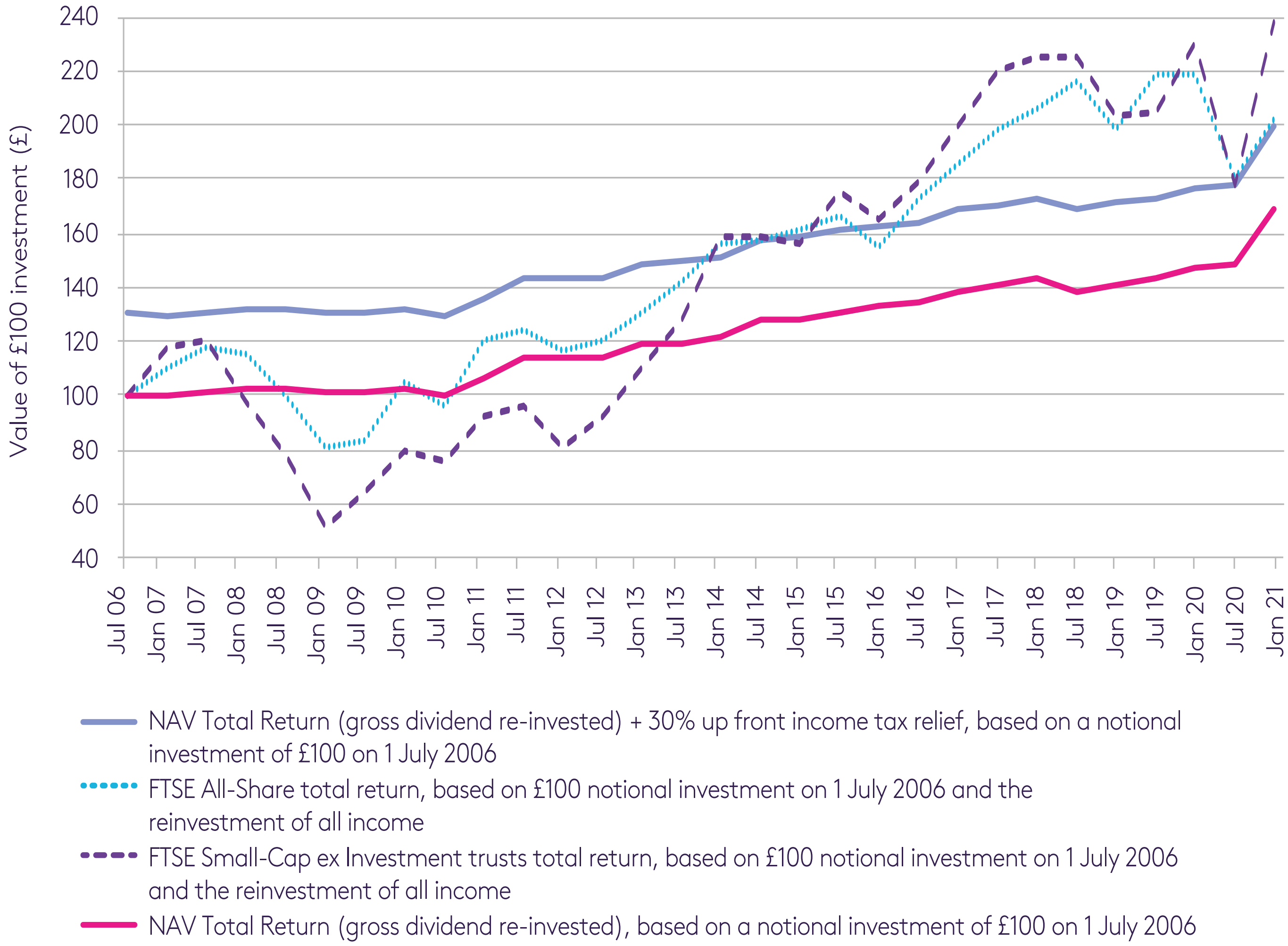
Apollo will continue to ensure its compliance with the qualification requirements.

Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors' Report on page 22.

The graph below compares NAV total return (gross dividends reinvested) of the Company over the period from July 2006 to January 2021 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to £100). The Company's historic returns are lower as it has historically been positioned much more defensively than a Small Cap Equity Fund, however this index is considered to be the most appropriate broad equity market index for comparative purposes. The Board wishes to point out that VCTs are not able to make investments in companies quoted on the Main Market in their observance of the VCT rules.

NAV total return since launch against the FTSE Small-Cap Index total return[1]



[1]Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.

Results and Dividend

	Year to 31 January 2021 £'000	Year to 31 January 2020 £'000
Net return attributable to shareholders	**19,767**	4,144
Appropriations:		
Interim dividend paid – 1.2p per share (2020: 1.5p per share)	**4,101**	4,363
Final dividend proposed – 1.3 per share (2020: 1.5p per share)	**5,573**	3,370

*The final proposed dividend of 1.3p per Ordinary share for the year ended 31 January 2021 will, subject to shareholder approval at the Annual General Meeting, be paid on 23 July 2021 to all Ordinary shareholders on the register on 9 July 2021.

Key Performance Indicators (KPIs)

As a VCT, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of unquoted UK companies which meet the relevant criteria for VCTs.

The Board has identified five key performance measures to assess the Company's success in meeting these objectives. Some of these are classified as alternative performance measures ("APMs"*) in line with Financial Reporting Council ("FRC") guidance. The Glossary of terms on page 64 has further details:

1. NAV per share;
2. Total return per share;
3 Dividends per share paid in the year;
4. Total ongoing charges; and
5. VCT Qualification %.

1. NAV per share

The NAV per share of the Company is the sum of the underlying assets less the liabilities of the Company divided by the total number of shares in issue. The Company's target is for the NAV to stay flat or increase after deducting dividends.

Current year (pence per share)	Prior year (pence per share)	Reason for movement
49.2	45.7	The NAV per share has increased from last years' value of 45.7p to 49.2p. This uplift of 7.7% is mainly driven by portfolio movement benefitting from its relative high exposure in the technology sector.

2. Total return per share*

Total return is calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period. Total return on the NAV enables shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector. The Company's target is for the Total Return per share to increase by 5% per annum, covering the target annual dividend.

Current year %	Prior year %	Reason for movement
12.7%	3.4%	As previously considered the NAV per share has increased from last year's value of 45.7p to 49.2p. This gives a total return of 12.7% or 5.8p per share, after adding back dividends paid in the year. This return is higher than previous years and reflects the improved performance under the revised investment strategy.

*These KPIs are defined as alternative performance measures ("APMs") and are defined in more detail on the Glossary of terms on page 64

3. Dividends per share paid in the year

The Company has a target of paying an annual dividend of 5% yield based on the opening NAV.

Current year (pence per share)	Prior year (pence per share)	Reason for movement
2.3p	3.0p	The Company paid 2.3p of dividends in the current year compared to 3.0p The dividend of 2.3p represents an annual yield of 5.0% based on the NAV per share of 45.7p at the beginning of the year, which is line with the Board's policy of the targeted 5% annual dividend yield.

4. Total ongoing charges*

The ongoing charges Ratio has been calculated using the AIC recommended methodology and exclude irrecoverable VAT, exceptional costs and trail commission.

Current year %	Prior year %	Reason for movement
2.5	2.5	No movement

The total ongoing charges percentage for the year to 31 January 2021 is 2.5%. This is within the annual limit of 3.3% of average net assets as stated in the Prospectus and is in line with the Board expectations. There are a number of costs involved in operating a VCT, some of these expenses are outlined in note 4 on page 49.

5. VCT Qualification %

The Company must comply with VCT legislation laid down by HMRC. From 1st December 2019 a key requirement is to maintain at least an 80% qualification investment level.

Current year %	Prior year %	Reason for movement
87.4	100	87.4% (as measured by HMRC rules) by value of the Company's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of the Company. The qualification level has decreased by 12.6% due to the deployment of funds into qualifying assets, and investments made from cash raised less than three years ago and are not being included in the calculation of the 80% qualifying investment level.

The Company has continued to maintain to meet the 80% Qualification investment level. There continues to be sufficient investment opportunities to enable the Manager to comply with these ratios.

The Chair's Statement on page 3 includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on page 5.

Viability Statement

In accordance with provision C.4.31 of The UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company likely intends to launch a new offer for subscription later in 2021, and under VCT rules subscribing investors are required to hold their investment for a five year period in order to benefit from the associated tax reliefs. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a five year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the emerging and principal risks facing the Company and its current position. This includes the impact of the Coronavirus pandemic and any other risks which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to the Company's reliance on, and close working relationship with, the Manager. 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. This includes a stress test and also forecasting the potential effects of Coronavirus on the Company's cash flow.

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 five year period to 31 January 2026.

*These KPIs are defined as alternative performance measures ("APMs") and are defined in more detail on the Glossary of terms on page 64.

Emerging and principal risks, risk management and regulatory environment

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

Risk	Mitigation	Movement in year
VCT qualifying status risk: The Company is required at all times to observe the conditions for the maintenance of approved VCT status. The loss of such approval could lead to the Company and investors losing access to the various tax benefits associated with VCT status and investment.	The Manager tracks Apollo's VCT qualifying status throughout the year, and reviews this at key points including investment, realisation, and at each monthly reporting date. This status is reported to the Board at each board meeting. The Board has also retained PwC to undertake an independent VCT status monitoring role.	= No change
Investment performance: The majority of the Company's investments will be in small companies which are VCT qualifying holdings and which, by their nature, entail a higher level of risk and lower liquidity than investments in large quoted companies.	The Directors and the Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments and by carrying out due diligence procedures. A member of the investment team is typically appointed to the board of an investee company, and regular portfolio monitoring reports are prepared and examined by the Manager. The overall risk in the portfolio is mitigated by maintaining a wide spread of holdings in terms of financing stage, age and industry sector. The Board reviews the investment portfolio with the Portfolio Manager on a regular basis.	↑ Increase (due to economic conditions as a result of the Coronavirus pandemic)
Valuation risk: investments may be valued inappropriately which may result in an inaccurate representation of the Company's net assets and net asset value per share.	Valuations of portfolio companies are performed by appropriately experienced staff, with detailed knowledge of both the portfolio company and the market it operates in. These valuations are then subject to review and approval by Octopus's independent Valuation Committee, comprised of staff with relevant knowledge of unquoted company valuations, as well as the Company's Board of directors. The IPEV guidelines were revised in March 2020 to cater for the Coronavirus pandemic and these were applied as at 31 July 2020 and 31 January 2021.	↑ Increase (due to economic conditions as a result of the Coronavirus pandemic)
Financial risk: as a VCT the Company is exposed to market price risk, credit risk, fair value risk, liquidity risk and interest rate risk. Details of the management of these risks can be found in Note 16 of the financial statements.	The Company has very little exposure to foreign currency risk and does not enter into derivative transactions. The Company has cash deposits with HSBC Bank plc. The risk of loss to this cash is deemed to be low due to the bank's historical credit rating and its current Standard & Poor's rating of AA-. Regular asset reconciliations are undertaken by the Manager. Inappropriate accounting policies might lead to mis-posting or breaches of regulations. Guidance is provided by the Company's auditors as to the appropriateness of accounting policies and updates to regulations.	= No change
Economic and price risk: macroeconomic conditions such as an economic recession, the Coronavirus pandemic, government regulation or political instability could cause volatility in the markets, damaging some of the underlying assumptions in the valuations and therefore the value of Company investments. The risk is amplified for smaller companies earlier in their life cycle.	To mitigate these risks Octopus constantly monitors the markets and the portfolio companies, providing performance updates to the Board at each meeting. The risk of material decline in the value of a single security is further mitigated by holding a diversified portfolio, across a broad range of sectors. The Investment Manager is continually assessing the implication of the financial turmoil arising from the current Coronavirus crisis which has an impact on the UK and Global economies. The continuous assessment implies that exposure to the risks for each portfolio company will be addressed, and appropriate actions, where possible, will be implemented.	↑ Increase (due to economic conditions as a result of the Coronavirus pandemic)

Regulatory risk: the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. The Company is also a small registered Alternative Investment Fund Manager ("AIFM") and must comply with the AIFM Directive. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.	Day-to-day operational oversight of the Company is carried out by Octopus. Octopus conduct rigorous on-boarding procedures for new employees and conduct regular staff reviews and training to ensure that teams charged with oversight of the Company are appropriately qualified to conduct their roles and ensure compliance with relevant legislation. The Board are updated regularly on all regulatory and compliance matters and take specific legal advice where appropriate.	= No change
Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations.	This is mitigated by frequent budgeting and close monitoring of available cash resources by the Company. The Board receives reports from the Investment Manager on the future cash flows and together they carefully consider if any cash flow related risk has been identified.	= No change
Market risk: investment in unquoted companies involves a higher degree of risk, which could result in the value of such investments, and interest income and dividends therefrom, reducing. In particular, small companies often have limited product lines, markets or financial resources. These companies may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes and, therefore, may not produce the hoped for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that of securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. These risks are mitigated by the Managers' extensive experience in identifying suitable investments in smaller companies. The effects of the Coronavirus pandemic are not fully known and are likely to have an impact on the market.	The management of market risk is part of the investment management process and is a central feature of venture capital investment. Apollo's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 26 to 29, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. 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 Apollo's assets is regularly monitored by the Board.	↑ Increase (due to economic conditions as a result of the Coronavirus pandemic)
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 valuation may not be achievable.	Apollo's liquidity is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Board performs regular review of performance 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 Control and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance report on page 26.	= No change

Further details of the Company's financial risk management policies are provided in Note 16 to the financial statements.

Task Force on Climate-related Financial Disclosures (TCFD) Statement

Although TCFD disclosures are not compulsory for Apollo VCT at the moment, we have decided to make voluntary initial disclosures under the TCFD framework.

Governance:
On a quarterly basis the investment team report to the Octopus Investments ESG Committee (comprised of an Octopus Founder, the CIO and the Impact and Sustainability Director) to review climate related risks and opportunities that have been identified as being financially material to the management of Octopus Apollo VCT plc.

Strategy:
Octopus Apollo VCT plc primarily makes its new investments into software businesses with limited direct climate-related risk; typically, the key climate consideration for these businesses is the reliance on data centres, which in aggregate are a growing part of global energy usage. Exposure to climate related risks is assessed on a deal-by-deal basis and analysis considers the physical impact of climate for businesses where this has been identified as a material risk.

Risk Management:
Where potential material climate related risks have been identified during the due diligence phase, the investment team has a discussion with management teams and present risks and any mitigations to the Investment Committee. As part of climate-related reporting to the ESG Committee, the investment team must highlight any material risks and opportunities that have been identified.

Metrics and Targets:
The team reviews physical climate-related risks as well as transition risks based on any material exposure of the underlying business and, where relevant, tracks how the management team manages these risk exposures. The team will report any red flags to the ESG Committee, as well as progress made towards any climate-related initiatives.

ESG Statement

Funding from the Apollo VCT plc helps growth businesses scale to success, and as part of this, we believe in a responsible and considered approach to ESG matters. Apollo VCT plc's patient approach to investing allows its portfolio companies to build long-term, sustainable businesses.

Apollo VCT plc supports the UN Sustainable Development Goals ("SDGs"). Specifically, we aim to support:

- **Goal 5: Gender Equality** – Promote female representation in the boardroom
- **Goal 8: Decent Work and Economic Growth** – Commit to full and productive employment
- **Goal 9: Industry, Innovation and Infrastructure** – Encourage cultures that foster innovation

The investment team has a robust ESG framework which ensures ESG factors (both risks and opportunities) are embedded in our investment process, with all new investments this year including an ESG section in Investment Committee papers. The investment team also uses its board positions to proactively engage with the board on ESG matters. The investment team also monitor and report against identified ESG KPIs in line with the 3 SDGs its aims to support.

Octopus Investments is a signatory of the internationally recognised Principles for Responsible Investment, demonstrating our commitment to responsible investment. A number of our portfolio companies have positively contributed to society:

- Countrywide Healthcare, a consumables supplier of PPE to the care home industry, has been relied on as a trusted distributor by Public Health England throughout the Coronavirus pandemic
- One Team Logic provides safeguarding software to over 4,000+ schools who use it to protect vulnerable students. Over the pandemic it gave the software out for free to support remote working and home-schooling
- We recently invested in Sova Assessments, a candidate assessment and talent management software platform that helps eliminate hiring biases which support organisations with meeting diversity and inclusion objectives.

Gender and Diversity

The Board of Directors currently comprises four male Non-Executive Directors with considerable experience of the VCT industry and the investee companies. The gender, diversity and constitution of the Board are reviewed on an annual basis.

Employee, Human Rights, Social and Community Issues, Environment Policy and Greenhouse Gas Emissions

The Board's policy on Employee, Human Rights, Social and Community Issues, Environment Policy and Greenhouse Gas Emissions is discussed in the Directors' Report on page 23.

This report was approved by the Board on 13 May 2021 and signed on its behalf by:

Murray Steele

Murray Steele
Chair

Section 172 (1) Statement

Introduction

The purpose of the report is to provide shareholders with sufficient information to enable them to assess the extent to which the Directors have performed 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 the shareholders as a whole as set out in the Business Review on page 12. As a Venture Capital Trust company Octopus Apollo VCT plc 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 companies.

Shareholder relations

Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with shareholders is through the interim and annual report and accounts, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is published via the Stock Exchange and on our website at **www.octopusinvestments.com**.

Shareholders have the opportunity to communicate directly with the Board after the Annual General Meeting at the shareholder event. Shareholders can also communicate with the Chair or any other member of the Board by writing to the Company, for the attention of the company secretary at the address set out on page 65.

The Company monitors the 20% threshold for votes cast against board recommendations for a resolution but has not yet been required to take any actions in this regard.

Relations with other key stakeholders

The requirement for the Company to consider the interests of its other key stakeholders is limited as it does not have any employees. The Board considers Octopus Investments Limited to be its key business partner with responsibility for the provision of investment management, administration, custody and company secretarial services.

The directors of a company are required to act in the way they consider will most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires directors to include these factors:

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

In discharging our section 172 duties we have regard to these factors set out above (although we do not have any employees). We also have regard to other factors where relevant. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose and objectives together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management of the Company to an Investment Adviser and then to engage with the Adviser in setting, approving and overseeing the execution of the business strategy and related policies. At every Board meeting a review of financial and operational performance, as well as legal and regulatory compliance, is undertaken. The Board also review other areas over the course of the financial year including the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility and governance, compliance and legal matters.

The Board works with the Octopus Investments in the selection of third-party providers such as the Registrars, Corporate Broker, Depositary and VCT Status Adviser. Their selection is on the basis of quality of service, accuracy, and price. Any errors or delays reflect badly on Apollo, but more importantly can cause inconvenience, and potential loss, for shareholders. The performance of third party providers is generally reviewed annually.

During the period we received information to help the Board to understand the interests and views of the Company's key stakeholders; investors, investee companies and service providers to the Company, including the Investment Adviser.

Investee companies

The Company's performance and the performance of its underlying investee companies are directly and intrinsically linked. The Portfolio Manager monitors the investee companies through a programme of regular company meetings as part of its investment process.

The Board has also given the Portfolio Manager discretionary authority to vote on investee company resolutions on its behalf as part of its approach to corporate governance.

Business ethics and governance

The Board is responsible for ensuring that the activities of the Company and its various businesses are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of the Company. Further detail can be found in the statement of directors' responsibilities on page 35. In the year to 31 January 2021 no areas of concern have been flagged in this regard.

The impact of key decisions on stakeholders in financial year 2021

In deciding to enter into a fundraising for the 2020/2021, 2021/2022 tax year, and increasing the size of the offer from £35 million to £75 million the Board considered:

- the impact of dilution on shareholder's holdings;
- the ability to adhere to the Company's dividend policy;
- the effect on the Net Asset Value and the ability of the Company to be able to meet HMRC's VCT investment rules and timelines;
- the costs involved in issuing a prospectus;
- the decision to narrow the discount to net asset value at which the Company's shares are traded balancing the interests of exiting and remaining shareholders; and
- the advantages to shareholders of meeting requests to buy back shares balancing that with the requirement for the Company to have adequate liquidity.

The Board considers that the Company's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefiting the community and the economy more generally. The investment proposals considered by the Board include any relevant information on any social, employee, ethical or environmental matters relevant to that investment.

Details of Directors

The Directors of the Company during the year were:

Murray Steele (Chair)

Murray was appointed as Director and Chair on completion of the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. Murray has had a broad range of experience as a director of a number of companies. At present he is Chair of Surface Generation Limited, a hi-tech engineering company and Vice Chair and NED of AUGA Group, Lithuania, Europe's largest integrated organic food producer. Murray has Bachelor's and Master's degrees in mechanical engineering from the University of Glasgow, an MBA from Cranfield School of Management and holds an accounting qualification. Murray was formerly a director of Octopus Apollo 4 VCT plc*.

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

Chris was appointed as a Director on 28 September 2012 upon the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. He was the principal founder of Pi Capital, a private client fund management company that specialised in investing in smaller unquoted companies where he led the investment of more than £25 million into 14 companies. Subsequently he was the finance director of an AIM-traded company, as well as a non-executive director of both listed and private companies. Currently he is a director of two renewable energy companies. Chris is a chartered accountant, having qualified at what is now part of PwC, and has a BA Hons degree from Oxford University. Chris was formerly a director of Octopus Apollo 4 VCT plc.*

James Otter (Non-Executive Director)

James was formerly Chair of Octopus VCT plc. He was appointed as a Director on 28 November 2014, on completion of the merger of Octopus VCT with the company. He is Chair of Renovos, a bioscience start-up commercialising orthopaedic technology from the University of Southampton. He is also the Royal Society's Entrepreneur in Residence at the University of Southampton. His previous positions have included interim management of a range of bioscience companies and chairing Hygea VCT, where he led the successful turnaround of Hallmarq Veterinary Imaging. He also led the voluntary liquidation of Venda Group, a $50 million cash shell, and worked in health IT for several years. Whilst a Director of Spectris plc, he turned around their largest subsidiary in Denmark, which was the world leader in sound and vibration products and services. His earlier corporate career included international commercial roles with Zeneca agrochemicals (formerly ICI). James has an MBA from INSEAD and a degree in Natural Sciences from Cambridge.

Alex Hambro (Non-Executive Director)

Alex was formerly Chair of Octopus Eclipse VCT plc and was appointed as a Director on 19 December 2016, on completion of the merger of Octopus Eclipse VCT plc with the Company. Alex has spent the last 27 years in the venture capital and private equity sector. As a Director of Hambro Group Investments, he was responsible for the establishment and operations of the Hambro Private Equity Group, which sponsored nine fund managers in the UK, Europe, the US and Australia. Since leaving Hambros, he has assisted several venture capital organisations with their fundraising and marketing programmes and has acted as a consultant to a number of investors on their venture capital investment strategies. Alex is Chair of Judges Scientific Plc, OTAQ Plc and Falanx Group and a Non-Executive Director of a number of private companies.

*Octopus Apollo 4 VCT plc was placed into Members Voluntary Liquidation on 28 September 2012 following the merger of the Apollo VCTs and was dissolved on 15 April 2014.

Directors' Report

The Directors present their report and the audited Financial Statements for the year to 31 January 2021. The Corporate Governance Report on pages 26 to 29, the Financial Risk Management section on page 14 and Note 19 of the financial statements on page 60, and the Audit Committee Report on pages 30 to 31 form part of this Directors' Report.

The Directors consider that the annual report and accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Directors

In accordance with the Articles of Association and the Association of Investment Companies Code of Corporate Governance, Mr Powles will retire as Director at the AGM, and being eligible, offer himself for re-election.

The Board has considered provisions of The UK Corporate Governance Code and following a formal performance evaluation as part of the Board Evaluation, further details of which can be found on page 27. The Board believes that Mr Polwes continues to be effective and demonstrates commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming AGM.

Further details can be found in the Corporate Governance report on pages 26 to 29.

Directors' and Officers' Liability Insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

VCT Regulation

Compliance with required rules and regulations is considered when all investments decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria which the Company must adhere to are detailed on page 61.

The Finance Act 2014 amended the rules relating to VCT shares issued on or after 6 April 2014 such that VCT status will be withdrawn if, in respect of shares issued on or after that date, 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. This may affect the amount of distributable reserves available to the Company to fund dividends or share buybacks. However, the Company currently has sufficient distributable reserves to allow dividends to continue to be paid in line with the current dividend policy.

The Finance (No. 2) Act 2015 received Royal Assent in November 2015 and introduced a number of changes to VCT rules to bring the legislation into line with EU State Aid Risk Finance Guidelines. The legislation introduced new criteria which stipulate a lifetime cap on the total amount of State Aid investment a company can receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised.

The Company will continue to ensure its compliance with the qualification requirements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 2 to 20. Further details on the management of financial risk may be found in Note 16 to the Financial Statements.

The Board receives regular reports from Octopus 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 mentioned in the Business Review, the Board has considered the Company's cash flow projections, including the potential effects of Coronavirus, and found these to be realistic and reasonable.

The assets of the Company include securities (OEICs investments) and cash which are readily realisable (22.9% of net assets) and, accordingly, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of this report.

Management

The Company has in place an agreement with Octopus to act as Manager which is central to the ability of the Company to continue in business. The principal terms of the Company's management agreement with Octopus are set out in Notes 3 and 19 to the Financial Statements. Octopus also provides secretarial, administrative and custodian services to the Company.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Manager is in the best interests of the shareholders as a whole. In reaching this conclusion, the Directors who are all independent, have taken into account the performance of the investment portfolio and the ability of the Manager to produce satisfactory investment performance in the future. They also considered the twelve month notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided which include secretarial and accounting services. Details of the fees paid to Octopus in respect of services provided are detailed in Note 3 to the Financial Statements.

No Director has an interest in any contract to which the Company is party.

The Company has established a performance incentive scheme whereby the Manager is entitled to an annual performance related incentive fee in the event that certain performance criteria are met. Further details of this scheme are disclosed within Note 19 to the Financial Statements.

The Board has delegated the routine management decisions such as the payment of standard running costs to the Manager. The Manager has delegated authority for investment decisions, however these are discussed and agreed with the Board.

Whistleblowing

In accordance with the recommendations of The UK Corporate Governance Code, the Board has considered the arrangements in place to encourage staff of the Manager or Secretary of the Company to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow-on action where necessary, to take place within the organisation.

Bribery Act

Octopus has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of Octopus, are aware of their legal obligations when conducting company business.

Streamlined Energy and Carbon Reporting

The Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. As Apollo has no employees or operations, it is not responsible for any direct emissions.

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

Share Issues and Open Offers

During the year under review 3,189,125 shares were issued to those shareholders who elected to receive shares under the DRIS as an alternative to dividends. This raised £1.4 million to the Company. See Note 14 of the Financial Statements for details.

Share Buybacks and Redemptions

During the period the Company purchased for cancellation 12,698,250 Ordinary shares, with a nominal value of £1,269,825, at a weighted average price of 42.6p per share for total consideration of £5,414,000 (2020: 11,317,974 shares at a weighted average price of 44.3p per share). The shares were repurchased in accordance with the Company's share buyback policy to provide liquidity in the shares and to prevent the shares trading at a wide discount to the NAV. See Note 14 of the Financial Statements for details.

The Board received authority at the General Meeting held on 9 July 2020 to buy back up to 14.99% of the share capital, such authority to expire 18 months after the passing of the resolution. Renewal of this authority will be sought at the forthcoming AGM. The Board's policy is to apply up to a 5% discount to buybacks of Ordinary shares.

Post Balance Sheet Events

A full list of post balance sheet events since 31 January 2021 can be found in Note 17 to the financial statements on page 60.

Share Capital and Rights Attaching to the Shares and Restrictions on Voting and Transfer

The Company's Ordinary share capital as at 31 January 2021 was 342,057,670 Ordinary shares of 10p (2020: 289,936,208). No shares were held in Treasury.

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

(a) the right to receive out of returns available for distribution to each share class such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by each class of shareholders in general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

(b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities pari passu with the other holders of Ordinary shares; and

(c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of the Company. On a show of hands every member present or represented and voting has one vote and on a poll every member present or represented and voting has one vote for every share of which that member is the holder; the appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting and, if the shares represent at least 0.25% of their class, the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in Company law.

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Directors' Authority to Allot Shares and to Disapply Pre-emption Rights

The authority proposed under Resolution 6 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in the Company in a cost efficient manner. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market. Resolution 8 renews the Directors' authority to allot Ordinary shares. This would enable the Directors until July 2022, to allot up to 42,407,884 Ordinary shares (representing approximately 10% of the Company's issued share capital as at the date of this report). The authority being sought under this Resolution is in addition to existing authorities.

Any shares allotted under this authority would be issued at prices at or above NAV.

Resolution 7 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This resolution would authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of 42,407,884 Ordinary shares (representing approximately 10% of the Company's issued share capital as at the date of this report). This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. Any shares allotted under this authority would be issued at prices at or above NAV. As with Resolution 8 the authority being sought under this resolution is in addition existing authorities.

Directors' Authority to Make Market Purchases of its Own Shares

The authority proposed under Resolution 8 is required so that the Directors may make purchases of up to 63,569,418 Ordinary shares, representing approximately 14.99% of the Company's issued share capital as at the date of the notice of AGM. Any shares bought back under this authority will be at a price determined by the Board, (subject to a minimum price of 10p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 8 will expire 18 months from the date of the passing of the Resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

Cancellation of Share Premium Account

The Board considers it appropriate to obtain Shareholders' approval for the cancellation of the amount standing to the Share Premium account of the Company as at 31 January 2021 to create (subject to Court approval) a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 9.

Substantial Shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

Annual General Meeting

The notice convening the AGM of the Company to be held on 30 June 2021, and a form of proxy in relation to the meeting, will be sent to shareholders with this report.

Independent Auditor and Disclosure of Information to Auditor

BDO LLP is the appointed auditor of the Company and offer themselves for re-appointment as auditor. A Resolution to re-appoint BDO LLP as auditor and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware and the Directors have taken all the steps they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Information Given in the Strategic Report

Information on dividends and likely future developments has not been given in the Directors' Report as equivalent disclosure has been made in the Strategic Report.

On behalf of the Board

Murray Steele

Murray Steele
Chair
13 May 2021

Corporate Governance Report

The Board of Apollo VCT plc has considered the principles and provisions of the Association of Investment Companies Code of Corporate Governance ("AIC Code") published in 2019.

The AIC Code, addresses the principles and provisions set out in The UK Corporate Governance Code ("the UK Code"), as well as setting out additional provisions on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council provides more relevant information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the provisions set out in the UK Code with the exceptions set out in the Compliance Statement on page 25. The UK Code includes provisions relating to the chief executive, executive Directors' remuneration and the need for an internal audit function. For reasons set out in the AIC Code, the Board considers these provisions are not relevant to the Company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Company has complied with the principles and provisions of the AIC Code.

The AIC Code is available on the AIC website (**www.theaic.co.uk**). It includes an explanation of how the 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, all of whom are considered to be independent of the Company's Manager, Octopus.

The director rotation is undertaken annually as follows:

	Date of Original Appointment	Due date for Election/ Re-election
Murray Steele (Chair)	28/09/2012	AGM 2022
Alex Hambro	19/12/2016	AGM 2023
James Otter	28/11/2014	AGM 2023
Christopher Powles	28/09/2012	AGM 2021

The Board meets on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board.

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

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

The Chair leads the Board in the determination of its strategy and in the achievement of its objectives. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day to day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board through the Chair on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its Committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior non-executive Director.

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.

During the year the following meetings were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings Attended
Murray Steele (Chair)	5	5	2	2
James Otter	5	5	2	2
Chris Powles	5	5	2	2
Alex Hambro	5	5	2	2

Additional meetings not included above were held as required to address specific issues including considering recommendations from the Manager, allotments and share repurchases. A brief biographical summary of each Director is given on page 18.

Performance Evaluation

In accordance with The UK Corporate Governance 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 between the Chair and each director. The directors were made aware of the annual performance evaluation on their appointment. The Chair provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. There were no issues requiring action in the period. The performance of the Chair was evaluated by the other Directors.

The Board also conducts an evaluation of Octopus, as the Portfolio Manager, and feedback of the results of the evaluation is provided to Octopus.

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors; no person, other than a Director retiring by rotation or otherwise, shall be appointed or re-appointed a Director at any general meeting unless he is recommended by the Directors or, not less than 7 nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first AGM of the Company following his appointment. At each AGM of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act allows shareholders in meetings by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

The Board does not have a policy limiting the tenure of any Director, including the Chair, as the Board does not consider that a Director's length of service reduces their ability to act independently of the Investment Manager.

Powers of the Directors

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

Authority was given at the Company's AGM held on 9 July 2020 to make market purchases of up to 46,009,515 Ordinary shares, as per the terms set out in the relevant resolution. Renewed authority is being sought at the 2021 AGM as set out in the notice of meeting.

Board Committees

There is no formal management engagement committee as matters of this nature are dealt with by the Board as a whole. 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 on page 29.

The Board has appointed one committee to make recommendations to the Board in specific areas, the Audit Committee.

Audit Committee:
Christopher Powles (Chair)
Murray Steele
James Otter
Alex Hambro

The Audit Committee, chaired by Christopher Powles, consists of all four Directors. The independence of the Audit Committee is not impaired and due to the size of Apollo this is appropriate. The Audit Committee believes Mr Powles possesses appropriate and relevant financial experience as per the requirements of the UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee Report is given on pages 30 to 31.

Internal Controls

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and 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 risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

Octopus is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Quoted investments are held in CREST. Octopus regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a continuing process throughout the period 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 risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council guidelines. The Board does not consider it necessary to maintain a separate internal audit function.

The risk management and internal control systems relevant to financial reporting include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two signatories from Octopus. Further to this, the Audit Partner has open access to the Directors of the Company and the Manager is subject to regular review by the Octopus Compliance Department.

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 on pages 15-17 and in Note 16 to the Financial Statements.

Relations with Shareholders

Shareholders will not have the opportunity to meet the Board at this years' AGM. However, the Board intends to hold an online shareholder event after the AGM where they will be available to answer any questions a shareholder may have.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus is available to answer any questions that a shareholder may have and can be contacted on **0800 316 2295**.

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code. The preamble to the UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under the UK Corporate Governance Code. With the exception of the limited items outlined below, the

Company has complied throughout the accounting period to 31 January 2021 with the provisions set out in the UK Corporate Governance Code. The section references to the Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary for the size of the Company. [2.9 and 2.12]
2. The Audit Committee discusses the need for an internal audit function annually, however, it does not consider that an internal audit would be an appropriate control for a VCT. [4.26]
3. The Company does not have a Remuneration Committee as it does not have any executive directors. The Board as a whole reviews the remuneration of the Directors on an annual basis. [5.32 – 5.41]
4. The Company has no major shareholders and shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the AGM. Shareholders are welcome to contact the Board or Octopus at any time. [1.3]

On behalf of the Board

Murray Steele

Murray Steele
Chair
13 May 2020

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 January 2021 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 25.

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 Accounts, taken as a whole, is fair, balanced and understandable;
- reviewing the viability and going concern assessment;
- advising the Board on whether the annual Report and Accounts provides necessary information for shareholders to assess position and 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 regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

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 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 twice each year and on an ad hoc basis as necessary. It has direct access to BDO LLP, the Company's external auditor.

Non-audit services were not provided by the external auditor during the period and therefore the audit committee does not believe there are any influences on their independence or objectivity. When considering whether to recommend the appointment or re-appointment 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.

The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting if appropriate. In accordance with guidance issued by the Financial Reporting Council the audit partner is rotated every five years to ensure that objectivity and independence is not impaired.

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. Octopus has an internal audit team which is supported, as required, by external consultants. Octopus' Compliance Department reports to the Board on the outcome of the internal audits that have taken place, in so far as these relate to the Company, and confirms the absence of any issues relating to internal audit, of which the Board should be aware. Octopus undertakes to immediately raise to the committee any significant issues arising from the Octopus internal audit that affect the Company. The Committee is satisfied with the level of reporting.

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

During the period ended 31 January 2021, 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 the Octopus 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 periodic reports on the effectiveness of the Octopus compliance procedures;
- 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 external auditor's Audit Findings Report to the Committee on the annual Financial Statements; and
- reviewing the Company's going concern status as referred to on page 22.

The Committee has considered the Report and Accounts for the year ended 31 January 2021 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 position and performance, business model and strategy.

Significant Risks

The Audit Committee is responsible for considering significant issues that arise in relation to the Financial Statements. The Committee has identified the most significant risks for the Company as:

- Valuation of investment portfolio: the Committee gives special audit consideration to the valuation of investments and the supporting data provided by Octopus. The impact of this risk could be a large movement in the Company's net asset value. The valuations are supported by investee accounts and third party evidence. These give comfort to the Audit Committee.
- Recognition of revenue from investments: investment income is the Company's main source of revenue. Revenue is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. Octopus confirms to the Audit Committee that the revenues are recognised appropriately.
- Management override of financial controls: the Committee reviews all significant accounting estimates that form part of the Financial Statements and consider any material judgements applied by management during the preparation of the Financial Statements.

These issues were discussed with Octopus and the Auditor at the conclusion of the audit of the Financial Statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the Financial Statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the Financial Statements for the year ended 31 January 2021.

Christopher Powles
Audit Committee Chair
13 May 2021

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of the year ended 31 January 2021. The reporting obligations require that two sections be included, a Directors' Remuneration Policy Report and an Annual Remuneration Report, which are presented below.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 36 to 41.

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.

The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year, although the Directors expect from time to time to review the fees against those paid to the Boards of directors of other VCTs. The Company does not have a Chief Executive Officer, Senior Management or any employees.

Directors' Remuneration Policy Report

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for, at least, a period of three years. All Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent AGMs. Re-election will be recommended by the Board but is dependent upon the shareholder vote.

Each Director receives a letter of appointment. A Director may resign by notice in writing to the Board at any time giving three months' notice in writing. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The maximum level of Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £150,000 per annum in aggregate; any amendment to this is by way of an Ordinary Resolution subject to the approval of shareholders in a general meeting.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chair of the Board and the Chair of the Audit Committee to be paid higher fees than the other Directors in recognition of their more onerous roles. The policy is to review these rates from time to time, although such review will not necessarily result in any changes. There are no planned changes to the policy for the next year. Due to the nature of the Company, there are no employees other than the Directors and therefore there are no employee remuneration issues to consider when determining the Directors' remuneration.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. No other remuneration or compensation was paid or payable by the Company to any of the Directors during the period.

An Ordinary Resolution to approve the Directors' Remuneration Policy of the Company was put to shareholders at the 2020 AGM and will remain in force for a three year period. The Board will review the Remuneration of the Directors if thought appropriate and monitors competitors in the VCT industry on an annual basis.

Annual Remuneration Report

This section of the report is subject to approval by a simple majority of shareholders at the AGM in June 2021, as in previous years.

Statement of Voting at the Annual General Meeting

The 2020 Remuneration Report was presented to the AGM in July 2020 and received shareholder approval following a vote on a show of hands. 2.3% of the votes cast on the proxy forms were against the Report. The proxy forms returned to the Company's registrar contained no explanation for the votes against the resolution.

Shareholders' views are always considered by the Board, and the methods of contacting the Board are set out in the Shareholders Information on page 63.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the Investment Management Agreement, as referred to in the Directors' Report. The performance graph on page 13 shows the performance of the Company.

Directors' Fees (audited)

The amount of each Director's fees, as audited, were:

	Year ended 31 January 2021 £	Year ended 31 January 2020 £	% change
Murray Steele (Chair)	**30,000**	30,000	0%
Christopher Powles	**25,000**	25,000	0%
James Otter	**22,500**	22,500	0%
Alex Hambro	**22,500**	22,500	0%
Total	**100,000**	100,000	0%

The Directors do not receive any other form of emoluments in addition to the Directors' fees; their total remuneration is fixed and not linked to the performance of the Company and no bonuses were or will be paid to the Directors.

The Chair of the Company and Audit Chair receive additional remuneration over the basic Director's fee in recognition of the additional responsibilities and time commitment of their roles.

Relative Importance of Spend on Pay

The actual expenditure in the current year is as follows:

	Year to 31 January 2021 £'000	Year to 31 January 2020 £'000	% change
Total buybacks	**5,414**	5,017	7.9
Total dividends paid	**7,471**	8,345	-10.5
Total management and performance fees	**7,538**	3,970	89.9*
Total directors fees	**100**	100	–

*The increase is mainly due to increased performance fee, for more details see page 48.

There were no other significant payments during the year relevant to understanding the relative importance of spend on pay.

Statement of Directors' Shareholdings (Audited)

There are no guidelines or requirements for Directors' to own shares in the Company. The interests of the Directors, and their connected persons, in shares of the Company during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary share of 10p each are shown in the table below:

	As at 31 January 2021	As at 31 January 2020
Murray Steele (Chair)	**98,256**	75,720
James Otter	**17,630**	17,630
Christopher Powles	**25,029**	14,149
Alex Hambro	**58,792**	55,913

There have been the following changes in the Directors' share interests between 31 January 2021 and the date of this report:

	Shares Purchased
Murray Steele (Chair)	**20,244**
Murray Steele (Allotment to spouse)	**30,366**
James Otter	**19,867**

All of the Directors' shares were held beneficially.

Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because the Company has neither and therefore it is not relevant.

Shareholders Proxy Voting Information

As required by Schedule 8:23 of the Regulations, the votes received for the AGM in 2020 were as follows:

	For		**Discretion**		**Against**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Approval of Directors' Remuneration Report	8,690,581	87.13	1,054,874	10.57	229,138	2.30

As required by Schedule 8:23 of the Regulations, the votes received for the approval of the Directors' Remuneration Policy for the AGM in 2020 were as follows:

	For		**Discretion**		**Against**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Approval of Directors' Remuneration Policy	8,585,836	86.20	1,064,828	10.69	309,831	3.11

By Order of the Board

Murray Steele
Chair
13 May 2021

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report and Accounts include information required by the Listing Rules of the Financial Conduct Authority.

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) including FRS 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report 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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- 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 Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the Company's position performance, business model and strategy and is fair, balanced and understandable.

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.

The Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report and Accounts (including the strategic report), give 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

Murray Steele

Murray Steele
Chair
13 May 2021

Independent Auditor's Report to the Members of Octopus Apollo VCT plc

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Octopus Apollo VCT plc (the 'Company') for the year ended 31 January 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 12 July 2018 to audit the financial statements for the year ending 31 January 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the periods ended 31 January 2019 to 31 January 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern to ensure they are in line with our expectations based on our understanding of the Company
- Evaluating management's method of assessing going concern in light of market volatility;
- Calculating financial ratios to ascertain the financial health of the Company.

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

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

		2021	2020
Key audit matters	Valuation of Unquoted Investments	✓	✓
Materiality	£3,200,000 (2020: £2,360,000) based on 2% (2020: 2%) of fixed asset investments and current investments.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was 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 this matter.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Valuation of Unquoted investments (Note 10 to the financial statements) There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting of both equity and loan stock instruments. 35% of the unquoted portfolio is based on valuations using cost (where the investment was recently acquired), the price of a recent investment or a signed offer for sale. The remaining 65% of the investment portfolio is valued with reference to more subjective techniques, such as multiple methodologies using revenue or earnings, as described in note 10. The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is responsible for valuing the investments, there is a potential risk of overstatement of investment valuations.	For all investments, we performed the following where relevant: • Checked whether the valuation had been prepared by a suitably qualified individual • Considered whether a valid International Private Equity and Venture Capital Valuation ("IPEV") methodology had been adopted • Verified whether the valuation used up to date trading information For a risk stratified sample of the entire population, we tested 98% of the unquoted investment portfolio as below. **Valuations based on cost/offer for sale** For valuations based on cost, we checked the cost to supporting documentation, reviewed the calibration of fair value using an alternative valuation methodology and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 January 2021. For valuations based on an offer for sale, we have reviewed signed term sheets and assessed the reasonableness of any completion discounts through on discussion with the Investment Manager and consideration of the proximity of the transaction to the year end. **Valuations based on multiples** For such investments we performed the following procedures for all investments within our sample: • Considering whether the valuation methodology is the most appropriate in the circumstances under the IPEV Guidelines • Checked the arithmetic accuracy of the multiples-based investment valuations • Verifying and benchmarking key inputs and estimates to independent information obtained from our own research and against metrics from the most recent investments • Challenging the assumptions inherent to the valuation of unquoted investments and assessing the impact of estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements • Where appropriate, performing sensitivity analysis on the valuation calculations where there is sufficient evidence to suggest reasonable alternative inputs might exist.

	For a sample of loans held at fair value included above, we: • Vouched security held to documentation • Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept • Reviewed the treatment of accrued redemption premium/other fixed returns in line with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") **Key observations:** Based on the procedures performed we consider the methodology and assumptions used by the Investment Manager to be appropriate.

Our application of materiality

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

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

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

	Company Financial statements	
	2021	**2020**
Materiality	£3,200,000	£2,360,000
Basis for determining materiality	2% of fixed asset investments and current investments.	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of fixed asset investments and current investments.	
Performance materiality	£2,400,000	£1,770,000
Basis for determining performance materiality	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower Testing Threshold
Revenue return before tax could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. Thus, we have set a Lower Testing Threshold for those items impacting revenue return before tax of £900,000 (2020: Lower Testing Threshold of £600,000) which is based on 10% (2020: 10%) of gross expenditure.

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30,000 (2020: £23,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems ; and • The section describing the work of the audit committee.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management;
- Review of minutes of board meetings throughout the period; and
- Obtaining and reviewing independent reports prepared for the Company on compliance with the relevant tests in order to maintain its qualifying status as a VCT.

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our audit work focussed on the valuation of unquoted investments, where the risk of material misstatement due to fraud is the greatest (refer to the Key Audit Matter section). We also:

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

In addressing the risk of management override of internal controls we tested journals and evaluated whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
13 May 2021

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

Income Statement

	Notes	Year ended 31 January 2021 Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2020 Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	10	–	946	946	–	4,872	4,872
Realised (loss)/gain on disposal of current asset investments	11	–	(3)	(3)	–	46	46
Change in fair value of fixed asset investments	10	–	25,857	25,857	–	1,641	1,641
Change in fair value of current asset investments	11	–	10	10	–	261	261
Investment income	2	2,063	–	2,063	3,309	–	3,309
Investment management fees	3	(653)	(6,885)	(7,538)	(559)	(3,411)	(3,970)
Other expenses	4	(1,568)	–	(1,568)	(2,015)	–	(2,015)
(Loss)/profit before tax		(158)	19,925	19,767	735	3,409	4,144
Tax	6	–	–	–	–	–	–
(Loss)/profit after tax		(158)	19,925	19,767	735	3,409	4,144
(Loss)/earnings per share – basic and diluted	8	(0.1)p	6.5p	6.4p	0.3p	1.3p	1.6p

- The 'Total' column of this statement is the profit and loss account of the Company; the 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 other comprehensive income for the period.

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

Balance Sheet

	Notes	As at 31 January 2021 £'000	As at 31 January 2021 £'000	As at 31 January 2020 £'000	As at 31 January 2020 £'000
Fixed asset investments	10		**143,832**		104,534
Current assets:					
Investments	11	**16,657**		13,649	
Debtors	12	**2,335**		1,982	
Cash at bank		**14,680**		16,637	
		33,672		32,268	
Creditors: amounts falling due within one year	13	**(9,267)**		(4,429)	
Net current assets			**24,405**		27,839
Net assets			**168,237**		132,373
Share capital	14		**34,206**		28,994
Share premium			**45,141**		70,947
Special distributable reserve			**52,397**		16,975
Capital redemption reserve			**6,315**		5,046
Capital reserve realised			**(9,046)**		5,714
Capital reserve unrealised			**39,382**		4,697
Revenue reserve			**(158)**		–
Total shareholders' funds			**168,237**		132,373
Net asset value per share – basic and diluted	9		**49.2p**		45.7p

The statements were approved by the Directors and authorised for issue on 13 May 2021 and are signed on their behalf by:

Murray Steele

Murray Steele
Chair

Company number: 05840377
The accompanying notes are an integral part of the Financial Statements.

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Special distributable reserves* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve* £'000	Total £'000
As at 1 February 2020	**28,994**	**70,947**	**16,975**	**5,046**	**5,714**	**4,697**	**–**	**132,373**
Total comprehensive income for the year	–	–	–	–	(5,942)	25,867	(158)	19,767
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(1,269)	–	(5,414)	1,269	–	–	–	(5,414)
Issue of shares	6,481	23,070	–	–	–	–	–	29,551
Share issue cost	–	(569)	–	–	–	–	–	(569)
Dividends paid	–	–	(7,471)	–	–	–	–	(7,471)
Total contributions by and distributions to owners:	**5,212**	**22,501**	**(12,885)**	**1,269**	**–**	**–**	**–**	**16,097**
Other movements:								
Prior year fixed asset gains now realised	–	–	–	–	942	(942)	–	–
Transfer between reserves	–	–	–	–	(9,760)	9,760	–	–
Cancellation of share premium	–	(48,307)	48,307	–	–	–	–	–
Total other movements	**–**	**(48,307)**	**48,307**	**–**	**(8,818)**	**8,818**	**–**	**–**
Balance as at 31 January 2021	**34,206**	**45,141**	**52,397**	**6,315**	**(9,046)**	**39,382**	**(158)**	**168,237**

	Share Capital £'000	Share Premium £'000	Special distributable reserves* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve* £'000	Total £'000
As at 1 February 2019	**25,250**	**53,256**	**29,602**	**3,914**	**7,698**	**(696)**	**–**	**119,024**
Total comprehensive income for the year	–	–	–	–	1,507	1,902	735	4,144
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(1,132)	–	(5,017)	1,132	–	–	–	(5,017)
Issue of shares	4,876	18,376	–	–	–	–	–	23,252
Share issue cost	–	(685)	–	–	–	–	–	(685)
Dividends paid	–	–	(7,610)	–	–	–	(735)	(8,345)
Total contributions by and distributions to owners:	**3,744**	**17,691**	**(12,627)**	**1,132**	**–**	**–**	**(735)**	**9,205**
Other movements:								
Prior year fixed asset losses now realised	–	–	–	–	(3,491)	3,491	–	–
Total other movements	**–**	**–**	**–**	**–**	**(3,491)**	**3,491**	**–**	**–**
Balance as at 31 January 2020	**28,994**	**70,947**	**16,975**	**5,046**	**5,714**	**4,697**	**–**	**132,373**

*Included in these reserves is an amount of £43,193,000 (2020: £22,689,000) which is considered distributable to shareholders.

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

Cash Flow Statement

	Notes	Year to 31 January 2021 £'000	Year to 31 January 2020 £'000
Cash from operating activities			
Profit after tax		**19,767**	4,144
Adjustments for:			
(Increase)/decrease in debtors	12	**(353)**	598
Increase in creditors	13	**4,343**	257
Gain on disposal of fixed assets	10	**(946)**	(4,872)
Loss/(gain) on disposal of current assets	11	**3**	(46)
Gain on valuation of fixed asset investments	10	**(25,857)**	(1,641)
Gain on valuation of current asset investments	11	**(10)**	(261)
Net cash utilised in operations		**(3,053)**	(1,821)
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(15,851)**	(29,277)
Proceeds on sale of fixed asset investments	10	**3,356**	17,794
Purchase of current asset investments	11	**(12,000)**	–
Proceeds on sale of current asset investments	11	**9,000**	5,000
Net cash flows utilised in investing activities		**(15,495)**	(6,483)
Cash flows from financing activities			
Movement in applications account	13	**495**	2,533
Purchase of own shares	14	**(5,414)**	(5,017)
Proceeds from share issues	14	**28,108**	21,727
Cost from share issues	14	**(569)**	(685)
Dividends paid (net of DRIS)	7	**(6,029)**	(6,820)
Net cash flows generated from financing activities		**16,591**	11,738
(Decrease)/increase in cash and cash equivalents		**(1,957)**	3,434
Opening cash and cash equivalents		**16,637**	13,203
Closing cash and cash equivalents		**14,680**	16,637

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

Notes to the Financial Statements

1. Principal accounting policies

The Company is a Public Limited Company (plc) incorporated in England and Wales and its registered office is 33 Holborn, London, EC1N 2HT.

The Company's principal activity is to invest in a diverse portfolio of predominantly unquoted companies with the aim of providing shareholders with attractive tax-free dividends.

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 Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('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 (issued 2014 and updated in October 2019 with consequential amendments).'

The Company presents its Income Statement in a three column format to give shareholders additional detail of the performance of the Company, split between items of a revenue or capital nature.

FRS 102 sections 11 and 12 have been adopted with regard to the Company's financial instruments. The Company held all fixed asset investments at fair value through profit or loss; therefore all gains and losses arising from such investments held are attributable to financial assets held 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.

Investment valuation policies are those that are most important to the depiction of the Company's financial position and that 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. The critical accounting policies that are declared will not necessarily result in material changes to the Financial Statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by the Company are disclosed in Note 10. Whilst not all of the significant accounting policies require subjective or complex judgements, the Company considers that the following accounting policies should be considered critical.

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. See Director's Report on page 22 to 25 for further details.

Key judgements and estimates

The preparation of the Financial Statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions applied mainly relate to the fair valuation of the unquoted fixed asset investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions applied 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 IPEV guidelines (December 2018), although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of the subsidiary companies of investee companies and liquidity or marketability of the investments held. Quoted investments are valued at the closing bid price on the year end date.

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

Revenue and capital
The Company presents its Income Statement in a three column format to give shareholders additional details of the performance of the Company, split between items of a revenue or capital nature as required by the SORP.

The revenue column of the Income Statement includes revenue income and revenue expenses of the Company. The capital column includes changes in fair value of investments, as well as gains and losses on disposal and any capital dividends received. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement. Investment Management fees are split between the revenue (25%) and capital (75%) in the same way that the income streams are derived.

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.

Financing strategy and capital structure
We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will have any borrowing facilities in the future to fund the acquisition of investments.

The Company does not have any externally imposed capital requirements.

The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued Ordinary share capital in accordance with Special Resolution 8 in order to maintain sufficient liquidity in the Company's shares.

Reserves
Share capital: represents the nominal value of shares that have been issued.

Share premium: 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 reserves: includes cancelled share premium available for distribution.

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

Capital reserve realised: arises when an investment is sold or there is deemed to be a permanent reduction in value of investment, any balance held on the Capital reserve unrealised is transferred to the Capital reserve realised, as a movement in reserves.

Capital reserve unrealised: arises when the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the Capital reserve unrealised.

Revenue reserve: revenue profits and losses are credited/charged to this account.

Translation reserve: includes gains or losses that arise when assets (other than portfolio assets) that are not denominated in Sterling are revalued to Sterling at year-end.

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

2. Investment income

Accounting Policy

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis (including time amortisation of any premium or discount to redemption), so as to reflect the effective interest rate, provided it is considered probable that payment will be received in due course. Income from fixed interest securities and deposit interest is accounted for on an effective interest rate method.

Investment income includes interest earned on bank balances and money market funds and includes income tax withheld at source. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when the Company's right to receive payment is established and it is probable that payment will be received. Fixed returns on debt and money market funds are recognised provided it is probable that payment will be received in due course. The nature of dividends received is assessed to establish whether they are revenue or income dividends.

Disclosure

	31 January 2021 £'000	31 January 2020 £'000
Loan note interest receivable	**2,063**	3,274
Dividends receivable	**–**	35
	2,063	3,309

3. Investment management fees

	31 January 2021			31 January 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**653**	**1,959**	**2,612**	559	1,671	2,230
Investment performance fee	**–**	**4,926**	**4,926**	–	1,740	1,740
	653	**6,885**	**7,538**	559	3,411	3,970

For the purpose of the revenue and capital columns in the Income Statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term split of returns in the form of income and capital gains respectively from the Company's investment portfolio. The investment performance fee, explained below, is allocated 100% to capital as it is deemed that capital appreciation on investments has primarily driven the total return of the Company above the required hurdle rate at which the performance fee is payable.

The management fee, administration and accountancy fees are calculated based on the NAV which is then multiplied by the number of shares in issue, calculated on a daily basis.

Octopus provides investment management, accounting and administration services and company secretarial services to the Company under a management agreement which may be terminated at any time thereafter by not less than twelve months' notice given by either party. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided. The basis upon which the management fee is calculated is disclosed within Note 19 to the financial statements.

The Company also receives a reduction in the management fee for investments in other Octopus managed funds, to ensure the Company is not double charged on these products. This amounted to £140,000 for the year to 31 January 2021 (2020: £221,000).

The Company has established a performance incentive scheme whereby the Manager is entitled to an annual performance related incentive fee in the event that certain performance criteria are met. This scheme is in line with industry standards. Further details of this scheme are disclosed within Note 19 to the financial statements. As at 31 January 2021 £4,926,000 was due to the manager by way of annual performance fee (2020: £1,740,000).

4. Other expenses

Accounting Policy

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, apart from management fees charged 75% to capital and 25% to revenue, performance fees charged wholly to capital and transaction costs. Transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

Disclosure

	31 January 2021 £'000	31 January 2020 £'000
Impairment of accrued loan note interest receivable	**5**	782
Ongoing trail commission	**499**	344
Accounting and administration services	**413**	368
Legal fees	**24**	–
Other administration expenses	**412**	314
Directors' fees	**100**	100
Registrars' fees	**75**	82
Fees payable to the Company's auditor for audit services	**40**	25
	1,568	2,015

The ongoing charges ratio of the Company for the year to 31 January 2021 was 2.5% (2020: 2.5%). Total annual running costs are capped at 3.3% of net assets. This figure excludes any extraordinary items, costs related to mergers, adviser charges, impairment of interest and performance fees.

VAT is included within other administration expenses. No non-audit services were provided by the Company's auditor.

5. Directors' remuneration

Total Directors' fees paid during the year were £100,000 (2020: £100,000). This excludes Employer's National Insurance contributions of £9,000 (2020: £9,000) which has been included within other administration expenses. The highest paid director received £30,000 (2020: £30,000). None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was four (2020: four).

6. Tax

Accounting Policy

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current 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 in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Financial Statements.

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.

Disclosure

	31 January 2021			31 January 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit before tax	**(158)**	**19,925**	**19,767**	735	3,409	4,144
Tax at 19% (2020: 19%)	**(30)**	**3,786**	**3,756**	140	648	788
Effects of:						
Non-taxable dividend income	**–**	**–**	**–**	(7)	–	(7)
Non-taxable capital gains on valuations and disposals		**(5,094)**	**(5,094)**	–	(1,296)	(1,296)
Expenses not deductible for tax purposes	**–**	**5**	**5**	–	5	5
Excess management expenses on which deferred tax not recognised	**30**	**1,303**	**1,333**	(133)	643	510
Total tax charge	**–**	**–**	**–**	–	–	–

Approved VCTs are exempt from tax on chargeable 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 deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

At 31 January 2021 there is an unrecognised deferred tax asset of £2,446,000 (2020: £1,061,000) in respect of surplus management expenses, based on a prospective tax rate of 19%. This deferred tax asset could be used in future to offset any taxable profits.

7. Dividends

Accounting Policy

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 on the record date, the date on which those shareholders on the share register are entitled to the dividend. Interim dividends to equity shareholders are declared by the directors. Final dividends are paid when approved by the shareholders at the AGM.

Disclosure

	31 January 2021 £'000	31 January 2020 £'000
Dividends paid on ordinary shares		
Final dividend – 1.1p paid 7 September 2020 (2020: 1.5p)	**3,370**	3,982
Interim dividend – 1.2p paid 15 January 2021 (2020: 1.5p)	**4,101**	4,363
	7,471	8,345

During the year £1,442,000 (2020: £1,525,000) of dividends were reinvested under DRIS, see Note 14.

	31 January 2021 £'000	31 January 2020 £'000
Dividends paid and proposed in respect of the year – Ordinary shares		
Interim dividend – 1.2p paid 15 January 2021 (2020: 1.5p per share)	**3,370**	4,363
Final dividend proposed – 1.3p payable 2021 (2020: 1.5p)	**5,573**	3,376
	8,943	7,739

The final dividend of 1.3p per share for the year ended 31 January 2021, which is subject to shareholder approval at the AGM, will be paid on 23 July 2021 to shareholders on the register on 9 July 2021.

8. Earnings per share

	31 January 2021			31 January 2020		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
(Loss)/profit attributable to ordinary shareholders (£'000)	**(158)**	**19,925**	**19,767**	735	3,409	4,144
Earnings per ordinary share (p)	**(0.1)**	**6.5**	**6.4**	0.3	1.3	1.6

The earnings per share is based on 308,643,164 (2020: 264,800,099) shares, being the weighted average number of shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, as such, the basic and diluted earnings per share are therefore identical.

9. Net asset value per share

	31 January 2021 Ordinary Shares	31 January 2020 Ordinary Shares
Net assets (£)	**168,237,000**	132,373,000
Shares in issue	**342,057,670**	289,936,208
Net asset value per share (p)	**49.2**	45.7

10. Fixed asset investments at fair value through profit or loss

Accounting Policy

The Company's principal financial assets are its investments and the policies in relation to those assets are set out below. 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. Dividends and distributions relating to equity instruments are debited direct to equity.

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 in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, the investments are measured as being at fair value through profit or loss ("FVTPL") 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 unquoted investments, fair value is established by assessing different methods of valuation, such as price of recent transaction, earnings multiples, discounted cash flows and net assets. This is consistent with IPEV guidelines (2018). Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.

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 unrealised. Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income Statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income Statement).

Investments deemed to be subsidiaries, due to the shareholding and level of influence exerted over the investee company, are measured at fair value using a consistent methodology to the rest of the Company's portfolio as permitted by the SORP (para 32) and as per FRS 102.

In 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 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by Apollo and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

Level 1: The unadjusted, fully accessible and current quoted price in an active market for identical assets or liabilities that an entity can access at the measurement date.

Level 2: Inputs for similar assets or liabilities other than the quoted prices included in Level 1 that are directly or indirectly observable, which exist for the duration of the period of investment.

Level 3: This is where inputs are unobservable, where no active market is available and recent transactions for identical instruments do not provide a good estimate of fair value for the asset or liability.

There have been no transfers between these classifications in the year (2020: none). The change in fair value for the current and previous year is recognised through the income statement.

All items held at fair value through profit or loss were measured as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 January 2021 are summarised overleaf.

Disclosure

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Book cost at 1 February 2020	3,900	97,624	101,524
Cumulative unrealised gain at 1 February 2020	1,328	1,682	3,010
Valuation at 1 February 2020	**5,228**	**99,306**	**104,534**
Movement in the year:			
Purchases at cost	–	15,851	15,851
Disposal proceeds	(1,552)	(1,804)	(3,356)
Gain on realisation of investments	654	292	946
Change in fair value in year	3,676	22,181	25,857
Closing valuation at 31 January 2021	**8,006**	**135,826**	**143,832**
Cost at 31 January 2021	3,406	112,050	115,456
Unrealised gain at 31 January 2021	4,600	23,776	28,376
Valuation at 31 January 2021	**8,006**	**135,826**	**143,832**

Level 1 valuations are valued in accordance with the closing bid-price on the relevant date. Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review.

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied to earnings multiples to reflect the lack of marketability in unquoted investments. The sensitivity of these valuations is given in Note 16.

The loan and equity investments are considered to be one instrument due to them being bound together when assessing the portfolio's returns to shareholders. This is consistent with the Company's investment policy.

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 4 to 11.

Subsidiaries

The following companies are deemed to be a subsidiary of Apollo because the Company owns more than 50% of the voting rights in that company:

Investee company	Country of incorporation	Sector	Profit/(loss) before tax £'000	Net assets/ (liabilities) £'000	% equity held by Octopus Apollo VCT plc	Voting rights held by Octopus Apollo VCT plc
Superior Heat Limited*	United Kingdom	Ground source heat	(36)	(180)	100	100

*Registered address: 33 Holborn, London, EC1N 2HT.

By virtue of FRS 102 section 9.9, the Company does not have to produce consolidated Financial Statements owing to the fact that its interests in subsidiaries are all held as part of an investment portfolio (as defined by FRS 102), and therefore its interests in subsidiaries are excluded from consolidation. They have therefore been treated in the same way as other investee companies and are held at fair value. These financial statements are therefore separate financial statements to those of its subsidiaries.

11. Current Asset Investments and Cash at Bank

Accounting Policy

For the purpose of the Cash Flow Statement, cash at bank comprises cash in hand and any deposits payable on demand, less any overdrafts payable on demand.

Current asset investments on the Balance Sheet comprise OEICs and are designated as FVTPL. 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 unrealised. The current asset investments are readily convertible into cash at the option of the Company, within seven days. The current asset investments are held for trading, are actively managed and the performance is evaluated on a fair value basis in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

Disclosure

Current asset investments comprised of OEICs. These fall into Level 1 of the fair value hierarchy as defined in the Fixed asset investment accounting policy in Note 10 above.

	Level 1: OEIC investments £'000
Book cost at 1 February 2020	13,081
Cumulative unrealised gain at 1 February 2020	568
Valuation at 1 February 2020	**13,649**
Movement in the year:	
Additions	12,000
Disposal proceeds	(9,000)
Realised loss on disposal	(3)
Change in fair value in the year	10
Closing valuation at 31 January 2021	**16,657**
Cost at 31 January 2021	16,528
Unrealised gain at 31 January 2021	129
Valuation at 31 January 2021	**16,657**

	31 January 2021 £'000	31 January 2020 £'000
OEICs:		
Octopus Portfolio Manager – Cash	**16,657**	9,387
Octopus Portfolio Manager – Cash Plus	**–**	4,262
Total current asset investments	**16,657**	13,649
Cash at bank	**14,680**	16,637

12. Debtors

	31 January 2021 £'000	31 January 2020 £'000
Accrued Income	**2,299**	1,761
Other debtors	**21**	197
Prepayments	**15**	24
	2,335	1,982

13. Creditors: amounts falling due within one year

	31 January 2021 £'000	31 January 2020 £'000
Trade creditors	**12**	–
Accruals	**6,194**	1,863
Other creditors	**3,061**	2,566
	9,267	4,429

At 31 January 2021, Other creditors included £3,061,000 (2020: £2,566,000) of funds to be allotted as shares for rebated advisor charges.

Accruals included £4,926,000 for performance fees due to Octopus (2020: £870,000).

14. Share capital

	31 January 2021 £'000	31 January 2020 £'000
Allotted and fully paid up:		
342,057,670 Ordinary shares of 10p (2020: 289,936,208)	**34,206**	28,994

The Company issued the following Ordinary shares during the year:

Date	Number of shares	Price per share (p)	Net proceeds from share issues (£'000)
04 April 2020	17,462,363	45.4	7,457
08 April 2020	1,549,764	45.4	666
05 May 2020	1,970,623	45.4	841
25 June 2020	1,195	42.9	1
25 June 2020	85,429	42.9	37
07 September 2020 (Dris)	1,400,927	45.0	630
25 November 2020	17,834,172	47.7	7,997
18 December 2020	22,727,041	49.4	10,561
15 January 2021 (Dris)	1,788,198	45.4	812
Total	**64,819,712**		**29,002**

The Ordinary shares issued during the year were issued at a weighted average price of 44.7p.

The Company purchased for cancellation the following shares during the year:

Date	Number of shares	Price per share (p)	Total cost of shares repurchased (£'000)
09 April 2020	3,376,005	41.3	1,394
30 April 2020	608,224	41.3	251
29 May 2020	483,778	41.3	200
03 July 2020	169,723	41.2	70
30 October 2020	4,015,943	43.2	1,735
26 November 2020	1,804,190	43.2	779
16 December 2020	760,519	44.8	340
20 January 2021	1,479,868	43.6	645
Total	**12,698,250**		**5,414**

The Ordinary shares repurchased for cancellation during the year were cancelled at a weighted average price of 42.6p. The total nominal value of the shares repurchased for cancellation was £1,270,000 representing 3.7% of the issued share capital.

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 out on page 2. The Company is not subject to any externally imposed capital requirements.

Capital management is monitored and controlled using the internal control procedures set out on page 28 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

15. Reconciliation of movements in equity

	31 January 2021 £'000	31 January 2020 £'000
Shareholders' funds at start of year	**132,373**	119,024
Profit after tax	**19,767**	4,144
Shares bought for cancellation	**(5,414)**	(5,017)
Issue of shares (net of issue costs)	**28,982**	22,567
Dividends paid	**(7,471)**	(8,345)
Shareholders' funds at end of year	**168,237**	132,373

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the Income Statement. Unrealised gains/(losses) are then transferred to the 'Capital reserve unrealised'. When an investment is sold, any balance held on the 'Capital reserve unrealised' is transferred to the 'Capital reserve realised' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

	£'000
As at 1 February 2020	**22,689**
Movement in year	20,504
As at 31 January 2021	**43,193**

This is the minimum value of reserves available for potential distribution, which will be impacted by the future convertibility, into cash, of gains and losses included in the Capital reserve unrealised.

The purpose of the special distributable reserve is 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 to net asset value at which the Company's Ordinary shares trade.

16. Financial instruments and risk management

The Company's financial instruments comprise equity investments, unquoted loans, cash balances and cash equivalents including debtors and creditors. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

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 January 2021 and 31 January 2020:

	31 January 2021 £'000	31 January 2020 £'000
Financial assets at fair value through profit or loss		
Fixed asset investments	**143,832**	104,534
Current asset investments	**16,657**	13,649
Total	**160,489**	118,183
Financial assets at amortised cost		
Cash at bank	**14,680**	16,637
Accrued income	**2,299**	1,761
Total	**16,979**	18,398
Financial liabilities at amortised cost		
Accruals and other creditors	**9,267**	4,429
Total	**9,267**	4,429

Fixed and current asset investments (see Note 10 and 11) are valued at fair value. For quoted investments this is bid price. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines as detailed within the Investment Managers Review. The fair value of all other financial assets and liabilities are 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 carrying value.

The Company's creditors and debtors are initially recognised at fair value which is usually transaction cost and subsequently measured at amortised cost using the effective interest method.

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, interest rate 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 2. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Directors' Report on pages 22 to 25, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the Balance Sheet date are set out on page 6.

80.7% (31 January 2020: 75.0%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. A 20% overall decrease in the valuation of the unquoted investments at 31 January 2021 would have decreased net assets and the total profit for the year by £27,165,000 (31 January 2020: £19,862,000 at 20%). An equivalent change in the opposite direction would have increased net assets and the total profit for the year by the same amount.

A number of investment valuations are based on earnings multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 20% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio and market volatility.

Interest rate risk

Some of the Company's financial assets and OEIC investments are interest-earning. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

The table below summarises weighted average effective interest rates for the interest-bearing financial instruments:

	31 January 2021			31 January 2020		
	Total interest rate portfolio by value £'000	**Weighted average interest rate %**	**Weighted average time for which rate is fixed Years**	Total interest rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years
Unquoted interest bearing investments	**28,890**	**9.9**	**4.2**	29,906	10,2	4.3

Floating rate

The Company's floating rate investments comprise cash held on interest-earning deposit accounts and, where appropriate, within interest-bearing money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.1% at 31 January 2021 (31 January 2020: 0.75%). The amounts held in floating rate investments at the Balance Sheet date were as follows:

	31 January 2021 £'000	31 January 2020 £'000
Cash on deposit	**14,680**	16,637

Every 1% increase or decrease in the base rate would increase or decrease income receivable from these investments and the total profit for the year by £146,800 (2020: £166,370).

Credit risk
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 Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the Balance Sheet date.

At 31 January 2021 the Company's financial assets exposed to credit risk comprised the following:

	31 January 2021 £'000	31 January 2020 £'000
Investments in interest bearing instruments	**28,890**	25,919
Cash on deposit	**14,680**	16,637
Accrued dividends and interest receivable	**2,299**	1,761
	45,869	44,317

Credit risk relating to listed money market funds is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by the UK Government and major UK institutions. Credit risk relating to loans and preference shares in unquoted companies is considered to be part of market risk. The investments in OEICs are uncertified.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

The Company's interest-earning deposit and current accounts are maintained with HSBC Bank plc. Should the credit quality or the financial position of HSBC Bank plc deteriorate significantly the Manager will move the cash holdings to another bank.

Credit risk which is associated with accrued dividends and interest receivable is considered to be small as the Company performs impairment assessments on these amounts and makes reasonable provisions where necessary on an on-going basis.

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 may be illiquid. 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 on a continuing basis by the Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2021 these investments were valued at £28,275,000 (2020: £27,721,000).

17. Events after the end of the reporting period

The following events occurred between the Balance Sheet date and the signing of these financial statements:

- The Board has reviewed the portfolio in advance of recent share allotments and this led to an increase in the NAV per share from 49.2p to 50.1p on 12 March 2021. In part, this reflects the successful conclusion of certain exits which were still uncertain as at 31 January 2021.
- 2.9 million shares were purchased at a price of 48.0p per share on 19 March 2021.
- 69.3 million shares were issued at an allotment price of 53.1p per share on 26 March 2021.
- 18.3 million shares were issued at an allotment price of 53.1p per share on 1 April 2021.
- 2.0 million shares were issued at an allotment price of 53.1p per share on 12 April 2021.
- 4.6 million shares were purchased at a price of 48.0p per share on 27 April 2021.
- The Company invested a total of £4.0 million into one new investment and £2.5 million into a follow-on investment.
- The Company fully disposed of five* investments for total proceeds of £31.6 million.

18. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments as at 31 January 2021 (2020: none).

19. Transactions with manager

Apollo has employed Octopus throughout the year as the Manager. Apollo has incurred £2,612,000 (2020: £2,230,000) in management fees due to Octopus in the year. At 31 January 2021 there was £709,000 outstanding (2020: £597,000). The management fee is payable quarterly in arrears and is based on 2% of the NAV calculated daily from 31 January.

Octopus is entitled to an annual performance related incentive fee. This performance fee is equal to 20% of the amount by which the NAV per share from the start of the sixth accounting and subsequent accounting period exceeds simple interest of the Bank of England base rate for the same period and is in line with industry standards. The NAV per share at the start of the sixth accounting period must be at least 100p. Any distributions paid out by the Company will be added back when calculating this performance fee.

The Board considers that the liability becomes due at the point that the performance criteria are met, which has happened at the end of this financial year. In the year, the Company incurred performance fees of £4,926,000. At 31 January 2021 there was £4,926,000 of outstanding performance fees to be paid (2020: £870,000).

Octopus also provides accounting and administrative services to the Company, payable quarterly in arrears, for a fee of 0.3% of the NAV calculated daily as at 31 January. During the year £413,000 (2020: £368,000) was paid to Octopus and there was £112,000 (2020: £98,000) outstanding at the Balance Sheet date, for the accounting and administrative services. In addition, Octopus also provided company secretarial services for a fee of £20,000 per annum (2020: £20,000).

The Company is also invested into a discretionary management service and other funds operated by separate investment teams within Octopus. Arrangements are in place whereby the Company receives a reduction in management fees as a percentage of the value of these investments, to ensure the Company is not double charged on these investments. During the year the management fee was reduced by £140,000 (2020: £221,000) under these arrangements.

20. Related party transactions

Several members of Octopus' investment team hold non-executive directorships as part of their monitoring roles in Apollo's investee companies, but they have no controlling interests in those companies. Octopus receives transaction fees and directors' fees from these investee companies. During the year ended 31 January 2021, fees of £522,000 attributable to the investments of the Company were received by Octopus (2020: £576,000). Transactions with Key Management Personnel are disclosed within the Directors Report on pages 22 and 23.

*The five disposals relate to Simplycook Limited, Healthcare and Services Technology Limited, Barrecore Limited the combined sale of two of the Reserve Power Assets, Kabardin Limited and Red Poll Power Limited and the fifth disposal relates to the combined sale of the eight Italian Solar Assets (Angelico Solar Limited, Bramante Solar Limited, Canaletto Solar Limited, Leonardo Solar Limited, Modigliani Solar Limited, Pirlo Solar Limited, Tiziano Solar Limited and Tintoretto Solar Limited).

Shareholder Information and Contact Details

Apollo, formerly named Octopus Apollo VCT 3 plc, was launched in July 2006. On 27 September 2012, the Company acquired the net assets of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc. On the same day, the Company was renamed Octopus Apollo VCT plc. On 28 November 2015 the Company acquired the net assets of Octopus VCT plc ("OVCT") in consideration for the issue of 52,035,840 C Ordinary shares. On 27 January 2016 the Company acquired the net assets of Octopus VCT 2 plc in consideration for the issue of 19,082,726 D Ordinary shares. On 19 December 2016 the Company acquired the net assets of Octopus Eclipse VCT plc in consideration for the issue of 35,349,838 Ordinary 10p shares.

The Company was incorporated on 7 June 2006. During the period from launch to 5 April 2007 over £27.1 million (£25.9 million net of expenses) was raised through an Offer for Subscription. Since then the Company has raised additional investment through further fundraises as follows:

- £29.3 million (£27.8 million net of expenses) during the year to 31 January 2013;
- £22.4 million (£20.6 million net of expenses) during the year to 31 January 2014;
- £8.7 million (£8.3 million net of expenses) during the year to 31 January 2015;
- £31.2 million (£30.3 million net of expenses) during the year to 31 January 2016;
- £37.4 million (£35.9 million net of expenses) during the year to 31 January 2017;
- £16.6 million (£16.1 million net of expenses) during the year to 31 January 2018; and
- £21.7 million (£21.0 million net of expenses) during the year to 31 January 2020.
- £28.1 million (£27.6 million net of expenses) during the year to 31 January 2021.

The objective of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate income and preserve capital over the long-term.

Further details of the Company's progress are discussed in the Chair's Statement and Investment Manager's Review on page 2 and pages 4 and 5 respectively.

Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

The Company has been approved as a VCT by HMRC. In order to maintain its approval the Company must comply with certain requirements of the Income Tax Act 2007 on a continuing basis, specifically the provisions of chapter 3 and, in particular, s280A:

- at least 80% of the Company's investments must comprise 'qualifying holdings'* (as defined in the legislation);
- for cash raised in accounting periods beginning on or after 5 April 2018, at least 30% of the funds raised must be invested into qualifying holdings within twelve months of the end of the accounting period in which they were raised;
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

*A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in an unquoted UK company (or companies traded on AIM or NEX Exchange) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

The Company invests in a diversified portfolio of AIM-traded and smaller unquoted UK companies in order to preserve capital over the long-term as well as to deliver an attractive tax-free dividend stream.

The Directors have managed the affairs of the Company with the intention of maintaining its status as a VCT.

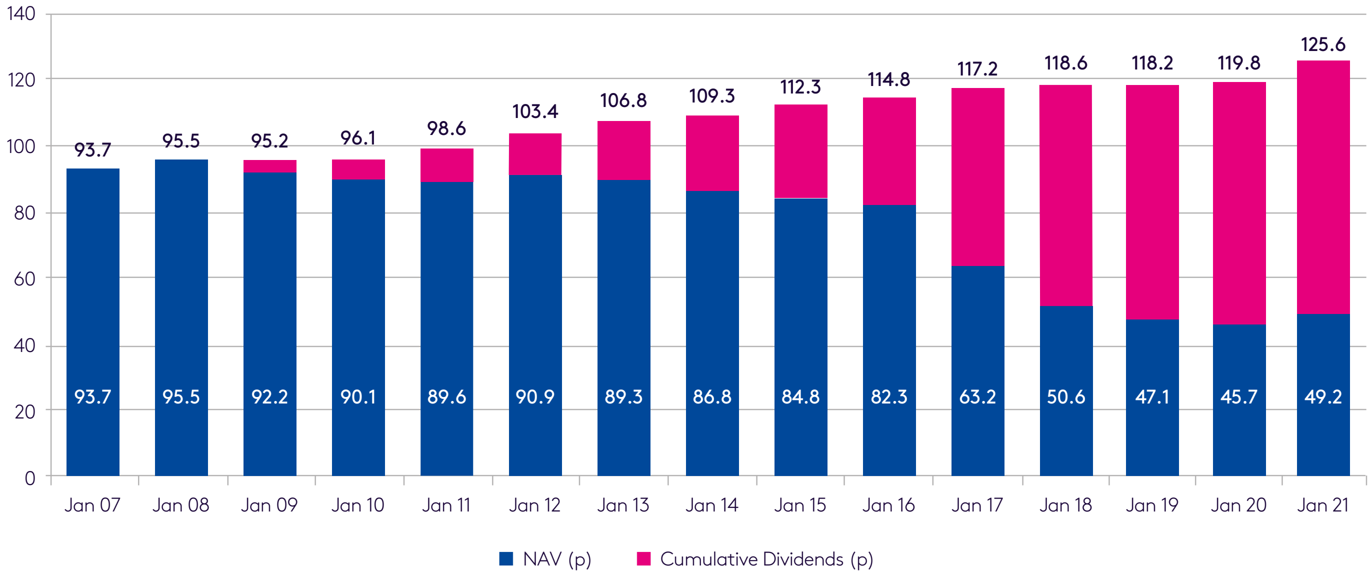
Dividends

Dividends are paid by Computershare Investor Services PLC ("Computershare") 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 can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at: **www-uk.computershare.com/investor/**.

Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Computershare by calling **0370 703 6327** (calls to this number cost the same as a normal local or national landline call and may be included in your service providers tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services PLC are open between 8.30am-5.30pm, Monday to Friday excluding public holidays in England and Wales), or by writing to them at:

The Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Total Value Since Inception (unaudited)



The following table shows the net asset value (NAV) per Ordinary share and lists the dividends that have been paid since the launch of Apollo:

Year Ended	NAV	Dividends paid in year	Cumulative dividends paid	NAV + cumulative dividends
31 January 2008	95.5p	–	–	95.5p
31 January 2009	92.2p	3.0p	3.0p	95.2p
31 January 2010	90.1p	3.0p	6.0p	96.1p
31 January 2011	89.6p	3.0p	9.0p	98.6p
31 January 2012	90.9p	3.5p	12.5p	103.4p
31 January 2013	89.3p	5.0p	17.5p	106.8p
31 January 2014	86.8p	5.0p	22.5p	109.3p
31 January 2015	84.8p	5.0p	27.5p	112.3p
31 January 2016	82.3p	5.0p	32.5p	114.8p
31 January 2017	63.2p	21.5p	54.0p	117.2p
31 January 2018	50.6p	14.0p	68.0p	118.6p
31 January 2019	47.1p	3.1p	71.1p	118.2p
31 January 2020	45.7p	3.0p	74.1p	119.8p
31 January 2021	49.2p	2.3p	76.4p	125.6p

The final dividend of 1.3p per Ordinary share will be paid on 23 July 2021 to shareholders on the register on 9 July 2021.

At the General Meeting held in November 2014 shareholders approved a Dividend Reinvestment Scheme ("DRIS") and gave the Directors authority to offer shareholders the right to elect to receive Ordinary shares instead of a cash dividend. Any shareholder wishing to reinvest their dividends, and who has not already elected to do so, can request a DRIS mandate form by calling Computershare on **0370 703 6327**. The DRIS mandate form can also be found on the Octopus website: **www.octopusinvestments.com**.

Share Price

The Company's share price can be found on various financial websites including **www.londonstockexchange.com**, with the following TIDM/EPIC code:

	Ordinary shares
TIDM/EPIC code	OAP3
Latest share price (13 May 2021)	47.6p per share

Buying and Selling Shares

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

Buyback of Shares

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure').

Panmure is able to provide details of close periods (when the Company is prohibited from buying its own shares) and details of the price at which it has bought shares. Panmure can be contacted as follows:

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

Secondary market

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- Tax-free dividends
- Realised gains not being subject to capital gains tax (although any realised losses are not allowable)
- No minimum holding period
- No need to include VCT dividends in annual tax returns

The UK tax treatment of VCTs is on a first in and first out basis and therefore tax advice should be obtained before shareholders dispose of their shares.

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to the Company's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: **www-uk.computershare.com/investor/**. Computershare's contact details are provided on page 65.

Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Manager's website at **www.octopusinvestments.com**. Other statutory information about the Company can also be found here.

Electronic Communications

Reports and accounts and all other correspondence are published electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future, you would prefer to receive an email telling you a report is available to view or to receive documents by email, please complete the enclosed form or contact Octopus on **0800 316 2295** or Computershare on **0370 703 6327**. Alternatively you can sign up to receive e-communications via the Computershare Investor Centre at: **www-uk.computershare.com/investor/**.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offer to buy shares at a discount or offers for free company reports.

Please note that it is very unlikely that the Company, Octopus or the Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the authenticity of an unsolicited phone call, please call Octopus on **0800 316 2295**.

The Financial Conduct Authority has also issued guidelines on how to avoid share fraud and further information can be found on their website: **www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams**. You can report any share fraud to them by calling **0800 111 6768**.

Glossary of Terms

Alternative performance measure (APM)
A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. These APMs will help Shareholders to understand and assess the Company's progress. A number of terms within this Glossary have been identified as APMs.

Net asset value or NAV
The value of the VCTs' total assets less liabilities. It is equal to the total shareholders' funds.

Net asset value per share or NAV per share
The NAV per share of the Company is the sum of the underlying assets less the liabilities of the Company divided by the total number of shares in issue.

Ongoing charges ratio (APM)
The ongoing charges ratio has been calculated using the AIC recommended methodology and exclude irrecoverable VAT, exceptional costs and trail commission. The figure shows the annual percentage reduction in shareholder returns as a result of recurring operational expenses. It informs shareholders of the likely costs that will be incurred in managing the fund in the future.

This is calculated by dividing your expenses of £3,655,000 which includes the expenses listed out in Note 4 on page 48 excluding irrecoverable VAT, exceptional costs and trail commission by average new assets of £144,476,000.

Total Return (APM)
Total return is calculated as movement in NAV per share in the period plus dividends paid in the period, dividend by the NAV per share at the beginning of the period. Total return on the NAV per share enables shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date.

Total Return % (APM)
Total return % is calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period. Total return % on the NAV per share enables shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date.

Directors and Advisers

The Board of Directors
Murray Steele (Chair)
James Otter
Christopher Powles
Alex Hambro

Company Number
Registered in England & Wales
No 05840377

Secretary and Registered Office
Octopus Company Secretarial Services Limited
(appointed on 7 May 2020)
33 Holborn
London
EC1N 2HT

Investment and Administration Manager
Octopus Investments Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

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

Independent Auditor
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London
W1U 7EU

Tax Adviser
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VCT Status Adviser
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Bankers
HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars
Computershare Investor Services PLC
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BS99 6ZZ
Tel: 0370 703 6327
(calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.
www.computershare.com/uk
www-uk.computershare.com/investor/

Notice of Annual General Meeting

In light of the ongoing Coronavirus pandemic it has been agreed that the meeting will be held on a closed basis. This means that shareholders will not be able to attend the Annual General Meeting ("AGM") in person. Therefore, we strongly encourage all shareholders to appoint the Chair of the Meeting as their proxy to vote on their behalf. However, the board intends to hold a shareholder event after the AGM at 10.30am to enable shareholders to receive a presentation on the fund performance from the Portfolio Manager and ask the Board any questions relating to the AGM resolutions or the Report & Accounts.

Notice is hereby given that the Annual General Meeting of Octopus Apollo VCT plc will be held at 33 Holborn, London, EC1N 2HT on 30 June 2021 at 10.00am for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolutions 7 ,8 and 9 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the financial statements for the year to 31 January 2021 and the Directors' and Auditor's Reports thereon.

2. To approve a final dividend of 1.3 pence per share.

3. To approve the Directors' Remuneration Report.

4. To re-elect Christopher Powles as a Director.

5. To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and if thought fit, pass Resolution 6 as an Ordinary Resolution and Resolutions 7, 8 and 9 as Special Resolutions:

6. **Authority to allot relevant securities**
   THAT the Directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to allot shares up to a maximum of 42,407,884 shares (representing approximately 10% of the issued Ordinary share capital at the date of this Notice) this authority to expire at the later of the conclusion of the Company's next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the Company in general meeting but so that such authority allows 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).

7. **Disapplication of pre-emption rights**
   TO empower the Directors pursuant to s571(1) of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in resolution 6 as if s561(1) of the said Act did not apply to any such allotments and so that:

   (a) reference to allotment in this Resolution shall be construed in accordance with s560(1) of the said 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 AGM 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. The authority being sought under this Resolution is in addition to existing authorities.

8. **Authority to make market purchases**
   THAT the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of s693(4) of the Companies Act 2006) of Ordinary shares of 10p each in the Company ("Ordinary shares") provided that:

   (a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 63,569,418 Ordinary shares, representing approximately 14.99% of the present issued Ordinary share capital of the Company as at the date of this notice;
   (b) the minimum price which may be paid for an Ordinary share shall be 10p;
   (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to (i) 105% of the average of the middle market quotation for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

(d) the authority conferred by this resolution shall expire at the conclusion of the next AGM of the Company or upon the expiry of 15 months from the passing of this Resolution, whichever is the later; and

(e) the Company may enter into a contract to purchase shares under the authority conferred by this resolution prior to the expiry of this authority which will or may be completed wholly or partly after the expiry of this authority.

9. Cancellation of Share Premium

THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Share Premium account of the Company as at 31 January 2021 be cancelled.

By Order of the Board

Murray Steele

Murray Steele
Chair
13 May 2021

Notes:

(a) A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

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

(c) A form of proxy is enclosed which, to be effective, must be completed and delivered to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or alternatively, you may register your proxy electronically at **www.investorcentre.co.uk/eproxy**, in each case, so as to be received by no later than 48 hours before the time the AGM is scheduled to begin. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form.

Appointment of a proxy, or any CREST proxy instruction (as described in paragraph (d) below) will not preclude a member from subsequently attending and voting at the meeting should he or she choose to do so. This is the only acceptable means by which proxy instructions may be submitted electronically.

(d) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should note that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated 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 have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

(f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

Questions from our shareholders in relation to the AGM can be sent via email to **ApolloAGM@computershare.co.uk**. The Company may, however, elect to provide answers to questions raised within a reasonable period of days after the conclusion of the AGM.

(g) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

(h) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

(i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

(ii) to include the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

(i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(ii) it is defamatory of any person; or

(iii) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

(i) A copy of the Notice of AGM and the information required by Section 311A Companies Act 2006 is included on the Company's website, **www.octopusinvestments.com** under Venture Capital Trusts. Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the AGM, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

(j) As at 12 May 2021 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 424,078,842 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 12 May 2021 are 424,078,842.

Octopus Apollo VCT plc