

# Northern 2 VCT PLC

Annual Report and Financial Statements  
**31 March 2025**

# Welcome

Northern 2 VCT PLC is a Venture Capital Trust (VCT) managed by Mercia Fund Management Limited.

It invests mainly in unquoted venture capital holdings and aims to provide long-term tax-free returns to shareholders through a combination of dividend yield and capital growth.

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# Financial summary

	Year ended 31 March 2025	Year ended 31 March 2024
<b>Net assets</b>	<b>£128.1m</b>	£119.5m
<b>Net asset value per share</b>	<b>58.3p</b>	57.3p
<b>Return per share</b>		
Revenue	0.5p	0.8p
Capital	3.3p	0.6p
Total	3.8p	1.4p
<b>Dividend per share declared in respect of the period</b>		
Interim dividend	1.7p	1.8p
Proposed final dividend	1.3p	1.2p
Total	3.0p	3.0p
<b>Return to shareholders since launch</b>		
Net asset value per share	58.3p	57.3p
Cumulative dividends paid per share <sup>^*</sup>	142.0p	139.1p
Cumulative return per share <sup>^</sup>	200.3p	196.4p
<b>Mid-market share price at end of period</b>	<b>53.5p</b>	54.5p
<b>Share price discount to net asset value</b>	<b>8.2%</b>	4.9%
<b>Annualised tax-free dividend yield<sup>^**</sup></b>	<b>5.2%</b>	5.1%

\* Excluding proposed final dividend payable on 5 September 2025.

\*\* Based on net asset value per share at the start of the period.

<sup>^</sup> Definitions of the terms and alternative performance measures used in this report can be found in the glossary of terms on page 72.

# Venture capital portfolio summary

**6**

Number of new  
investments this year

**£87.9m**

Portfolio valuation  
as at 31 March 2025

**£83.0m**

Cost of investments  
as at 31 March 2025

**£11.0m**

Proceeds from all  
realisations this year

**6**

Number of full  
realisations this year

**11**

Portfolio companies  
that received follow-on  
capital this year

**£14.6m**

Invested in new and  
follow-on investments  
this year

**£1.5m**

Average cost  
of investment

**57**

Portfolio  
companies

**4.4  
years**

Average age  
of investment



# Key dates during 2025

Results announced

**17 June**

Annual General Meeting\*

**6 August**

Shares quoted ex dividend

**7 August**

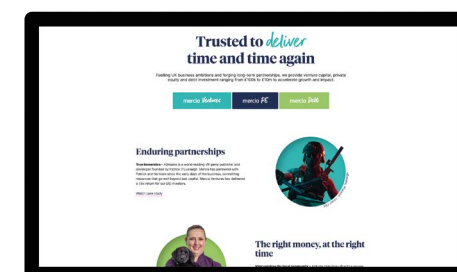
Record date for final dividend

**8 August**

Final dividend paid

**5 September**

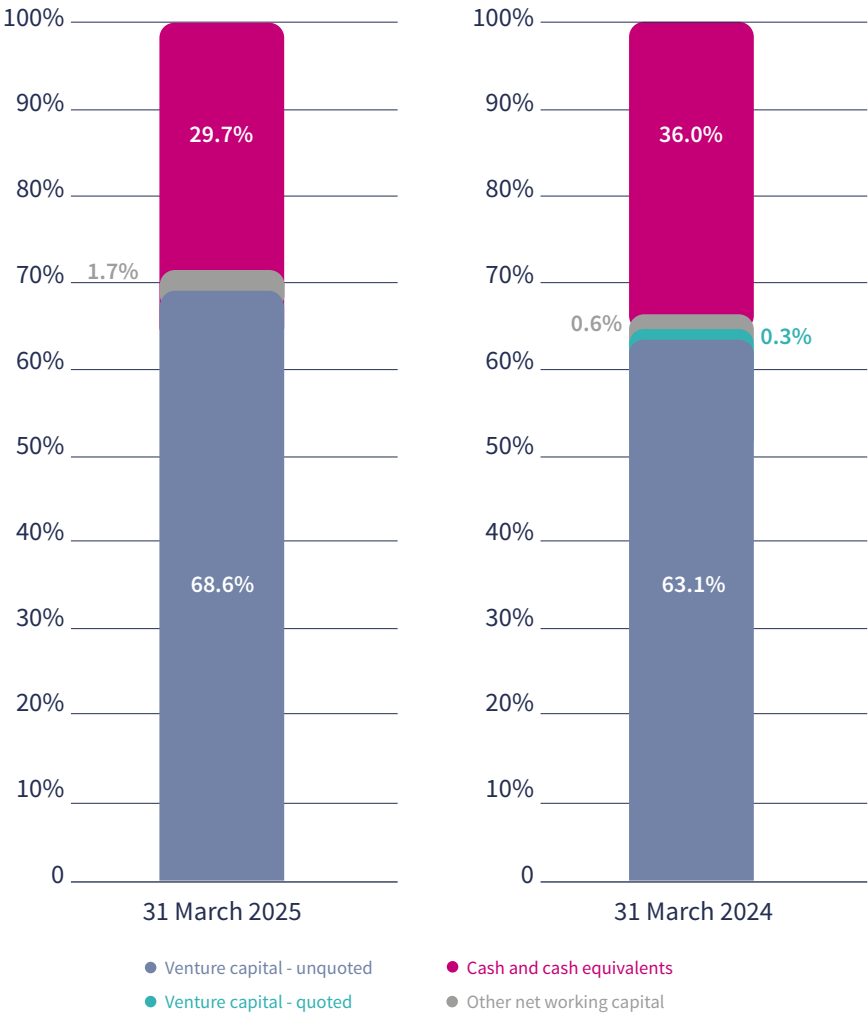
\* To be convened at Fora, 210 Euston Road, London, NW1 2DA, with optional remote access for shareholders through an online webinar facility



For additional information visit  
our investor area online  
[www.mercia.co.uk/vcts/n2vct/](http://www.mercia.co.uk/vcts/n2vct/)

# Venture capital portfolio summary *continued*

## Asset allocation

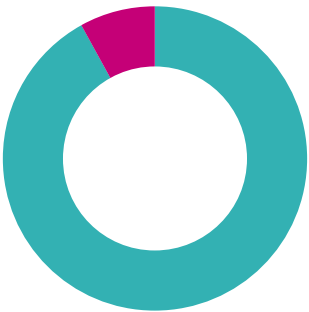


Note: Allocation calculated on net asset value.



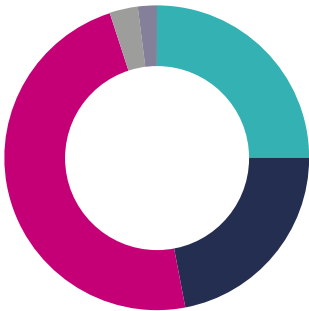
## Age of investment

Up to 1 year	11%
1-3 years	27%
3-5 years	25%
5-7 years	24%
7+ years	13%



## Financing stage

Growth capital – post November 2015	92%
Management buyout – pre November 2015	8%



## Industry sector

Software & AI	48%
Consumer	25%
Health & Life Sciences	22%
Deep Tech	3%
Other	2%



## Quotation

Unquoted	99.9%
AIM	0.1%

Note: Above pie charts are calculated by value of investments.

# Investment reach

Total  
venture  
capital  
holdings **57**



**10** North West

**1** Wales

**4** West Midlands

**2** South West

**5** Scotland

**2** North East

**3** Yorkshire /  
Humberside

**2** East Midlands

**1** Anglia

**17** London

**10** South East



**David Gravells**  
Chair

“The most notable exit was Gentronix, sold for net proceeds of £5.2 million, a 4.5 times lifetime return.”

# Chair's statement

## Overview

I am pleased to report that in the year ended 31 March 2025, the Company delivered a return of 3.8 pence per share (2024: 1.4 pence), equivalent to 6.6% of the opening net asset value (NAV) per share. Investment activity during the year remained buoyant with a total of £14.6 million invested in 17 promising early stage businesses, of which six were new investments. The Company divested its holdings in six companies, raising total proceeds of £11.0 million.

In the financial year under review, we saw a change of government in the UK with the Labour Party elected in July 2024. Significant changes were announced in the 2024 UK autumn budget. The new government set out its priorities to drive economic growth. However it also saw tax rises and other changes to address the level of government borrowing. Positively, the 2024 UK autumn budget included the extension of the VCT scheme by a further 10 years which was very welcome as it gave certainty to the VCT sector allowing capital to continue to flow and be invested in early stage, high growth businesses. Although the UK economy has displayed some resilience, with inflation easing from its peak and interest rates starting to fall, there have been reductions in independent growth forecasts and the overall GDP growth outlook remains challenging. It is pleasing to note that the Company has continued its pace of investment activity and grown its NAV per share against this economic backdrop.

Since the financial year end, there has been an increase in volatility in the financial markets driven by external factors. In particular, the trade policies of President Trump's administration in respect of tariffs on international trading partners have had significant and wide-ranging impacts on political relations. This has resulted in a lowering of forecasts for global growth. Although the tariffs are on goods rather than services, the USA is a key market for expansion for a number of our portfolio companies and therefore an early resolution over trade arrangements will be welcomed.

Despite the macroeconomic environment, our share offer to raise £15 million was oversubscribed and I would like to thank existing shareholders for their continued support and warmly welcome new investors. Proceeds from the share offer, together with sales proceeds from investments mean that the Company is well positioned both to pursue new opportunities to support small and medium businesses and to work with existing portfolio companies to realise their growth plans.

## Results and dividend

The NAV per share as at 31 March 2025, after deducting dividends paid during the year totalling 2.9 pence, was 58.3 pence compared with 57.3 pence as at 31 March 2024. Given the increase in NAV per share of the Company and the conditions for the payment of a performance fee being met, a performance fee of £321,000 (year ended 31 March 2024: £nil) is payable to the Manager and has been provided for in the financial statements.

In 2018, your Directors set an objective of paying an annual dividend representing a yield of at least 5% of the opening NAV per share in each year whilst endeavouring to protect the NAV from erosion over the medium term. Your Board is conscious of the need to balance payment of dividends while also growing NAV per share and sees this as a medium term target. Given the number of profitable realisations over the past few years and the prospects for good realisations from the current portfolio, the Board considers that the 5% dividend target is still appropriate.

Having already declared an interim dividend of 1.7 pence per share which was paid in January 2025, your Directors now propose a final dividend of 1.3 pence per share. The total of 3.0 pence per share is equivalent to 5.2% of the opening NAV of 57.3 pence per share, and is consistent with the total pence per share dividends declared in respect of the previous financial year. The proposed final dividend will be paid on 5 September 2025, subject to approval by shareholders at the Annual General Meeting.



The target dividend yield will remain subject to regular review and the level of future dividend distributions will continue to reflect the level of returns generated by the Company in the medium term, the timing of investment realisations, the availability of distributable reserves and continuing compliance with the VCT scheme rules.

### Investment portfolio

The Company continues to be a generalist investor, with allocations predominantly in the software & AI, consumer and health & life sciences sectors. Investment levels have remained strong, with £9.3 million of capital provided to six new venture capital companies and £5.3 million of follow-on capital invested into 11 existing portfolio companies. Details of the new companies are set out in the Strategic Report on page 18.

There were six exits in the year, the most notable being Gentronix, sold for net proceeds of £5.2 million compared to an original cost of £1.2 million, a 4.5 times lifetime return. More details on all the exits are set out in the Strategic Report on page 18 and in note 9 on page 64.

Over the year the Company saw increases in the valuations of portfolio by an aggregate of £5.3 million. Strong trading in a number of portfolio companies led to uplifts in valuations such as Pure Pet Food (£3.0 million), and Project Glow TopCo (t/a The Beauty Tech Group) (£3.4 million). It was also necessary to reduce the valuation of two portfolio companies in particular – Adludio (£2.6 million), due to the decision to cease funding, and Newcells Biotech (£1.5 million), due to poorer trading than expected. Your Directors always consider the state of the investment markets and how these might impact the valuations of the unquoted venture portfolio and have updated valuations to reflect current market conditions where appropriate.

### Cash balances

The Company's liquid funds are held in in a money market fund and interest bearing bank accounts. As at 31 March 2025, £31.0 million (out of a total of £38.1 million of cash and cash equivalent balances) was invested in the Blackrock ICS Sterling Liquidity Fund. Interest income generated from the Company's liquid funds generated £2.1 million interest income in the year.

### Share offer and liquidity

In April 2024 shares related to the second allotment of the 2023/24 share offer, totalling £20 million, were issued. This allotment saw the issuance of 17,376,231 new ordinary shares, yielding gross subscriptions of £10.4 million.

As a result of the public share offer launched in January 2025, 25,531,778 new ordinary shares were issued in April 2025, yielding gross proceeds of £15.0 million.

The Board continues to monitor liquidity carefully and plans to raise up to £10 million of new capital in the 2025/26 tax year. Further details will be provided in due course.

Our dividend investment scheme continues to operate. This enables shareholders to invest their dividends in new ordinary shares free of dealing costs and with the benefit of the tax reliefs available on new VCT share subscriptions. During the year 13.6% of total dividends were reinvested by shareholders.

We have maintained our policy of being willing to buy back the Company's shares in the market when necessary in order to maintain liquidity, at a 5% discount to NAV. During the year, a total of 7,774,750 shares were repurchased for cancellation, equivalent to approximately 3.7% of the opening share capital.

### Responsible investment

The Company continues to be mindful of its Environmental, Social and Governance (ESG) responsibilities and we have outlined our evolving approach on pages 33 and 34.

### Board changes

Cecilia McNulty, who has served on the board of the Company since 2014, shall be retiring after the Company's AGM. Cecilia is the Company's Senior Independent Director and prior to that served as the Chair of the Audit and Risk Committee. The Board would like to take this opportunity to extend their sincere thanks to Cecilia for her guidance, insights and commitment to the Company during her tenure. We wish her the best in her future endeavours.

In addition, I will be stepping down as Chair of the Company on the conclusion of the Company's AGM and will seek re-election to continue to serve as a non-executive director. Thomas Chambers who joined our board on 19 June 2024, and with whom I have worked closely, will succeed me as Chair.

The Board intends to recruit an experienced director to support the investment strategy of the Company and our growth objectives.

### VCT legislation and qualifying status

The Company has continued to meet the stringent and complex qualifying conditions laid down by HM Revenue & Customs for maintaining its approval as a VCT. The Manager monitors the position closely and reports regularly to the Board. Philip Hare & Associates LLP has continued to act as independent adviser to the Company on VCT taxation matters.

Following final review by the European Union and the issuance of the necessary statutory instrument, in September 2024 the Sunset Clause was extended until 2035. The 'Sunset Clause' is a European state aid requirement which, without extension, would have removed the VCT tax reliefs that investors receive on newly issued VCT shares.

## Chair's statement *continued*

Whilst no further amendments to VCT legislation have been announced, it is possible that further changes will be made in the future. We will continue to work closely with the Manager to maintain compliance with the scheme rules at all times.

### Investor communications

The Board is conscious of its responsibility to communicate transparently and regularly with shareholders. Investor information is contained on the Company website and communications are sent to shareholders who have consented to receive such information. We look forward to welcoming shareholders to our AGM and to our forthcoming investor seminar to be held on 7 October 2025 in London. A copy of our most recent newsletter and details of how to register for the October seminar can be found on the Company's website at [www.mercia.co.uk/vcts/n2vct/](http://www.mercia.co.uk/vcts/n2vct/).

### Audit tender process

Following a formal and rigorous audit tender process, the Audit and Risk Committee has resolved that it intends to recommend Johnston Carmichael LLP for appointment as the Company's auditor for the financial year ending 31 March 2026, subject to shareholder approval at the AGM in 2025. Forvis Mazars will remain the Company's auditor until the AGM in 2025. The Board would like to thank Forvis Mazars LLP for their diligent service over the past five years.

### Annual General Meeting

The Company's AGM will take place on 6 August 2025. The AGM provides an excellent opportunity for shareholders, directors and the Manager to meet in person, exchange views and comment. We intend to hold the 2025 AGM in person at Fora, 210 Euston Road, London, NW1 2DA. We also intend to offer remote access for shareholders through an online webinar facility for those who would prefer not to travel. Please note that shareholders attending remotely must register their votes ahead of time, as it will not be possible to count votes from online participants at the AGM.

### Outlook

Despite the challenging macroeconomic environment, our commitment remains steadfast in providing patient capital to nurture innovative early-stage businesses across the UK. We remain positive about the resilience, diversity and growth potential of the portfolio and its ability to generate long term shareholder value.

We thank our investors for their continuing support.

### David Gravells

Chair

17 June 2025

“Investment levels have remained strong, with £9.3 million of capital provided to six new venture capital companies and £5.3 million of follow-on capital invested into 11 existing portfolio companies.”







# Directors and advisers



**David Gravells MSc, JP**  
Chair

is an experienced entrepreneur who has been involved in a wide range of private equity financed businesses. He is a portfolio consultant to a number of developing companies and has interests in the public sector. He was appointed to the Board in 2007 and became Chair in 2008.



**Cecilia McNulty CA**  
Senior Independent Director

is an experienced board director and audit chair. She is currently a non-executive director of RIT Capital Partners plc, Polar Capital Financials Trust plc and Eurobank Cyprus, an EU regulated bank. She held senior investing roles at Centaurus Capital, a London based hedge fund, Barclays Capital and Royal Bank of Scotland. She is a chartered accountant and was appointed to the Board in 2014.



**Ranjan Ramparia BA, CA**  
Chair of the Audit and Risk Committee

is a qualified Chartered Accountant and experienced business professional. She started her career with PricewaterhouseCoopers in the audit, valuations and corporate finance divisions. Her early career was as a fund manager and she has experience of investing in listed and unlisted equities. She brings significant experience of regulatory and compliance matters and has served on the boards of regulated companies. She also serves as a non-executive director of JPMorgan Global Emerging Markets Income Trust plc and Schroder BSC Social Impact Trust PLC. She was appointed to the Board in 2022.



**Thomas Chambers BA, DUniv, FCA, AMCT, FIET**

has had a range of industry and venture capital roles giving insight into, in particular, the technology and communications sectors. He is currently chair of Propel London (recruitment), and an adviser to several private companies. He was a director of Kings Arms Yard VCT, chair of First Utility (Shell Energy) and a trustee of UCAS (Universities and Colleges Admissions Services). He was appointed to the Board in June 2024.



**Simon Devonshire OBE**

has extensive business experience in corporate leadership, financial governance, strategy, communications and sales and marketing. He is currently entrepreneur in residence at the National Physical Laboratory and the Institute of Cancer Research, and a non-executive director at Ashford and St Peter's NHS Trust. He is a serial entrepreneur and angel investor whose venture portfolio has raised more than £0.5 billion in capital finance. Simon was previously an entrepreneur in residence at the Department for Business, Energy and Industrial Strategy. He was appointed to the Board in 2017.



**Registered number**

03695071

**Secretary and registered office**

Mercia Company Secretarial Services Limited  
Forward House  
17 High Street  
Henley-in-Arden B95 5AA

☎ 0330 223 1430

✉ [vctshareholderenquiries@mercia.co.uk](mailto:vctshareholderenquiries@mercia.co.uk)

🌐 [mercia.co.uk/vcts/n2vct/](https://mercia.co.uk/vcts/n2vct/)

**Investment Manager**

Mercia Fund Management Limited  
Forward House  
17 High Street  
Henley-in-Arden B95 5AA

Santander UK PLC  
2 Triton Square  
Regent's Place  
London NW1 3AN

**Independent auditor**

Forvis Mazars LLP  
30 Old Bailey  
London EC4M 7AU

BlackRock  
Institutional Cash Series plc  
200 Capital Dock  
79 Sir John Rogerson's Quay  
Dublin 2 D02 RK57  
Ireland

**Taxation adviser**

Philip Hare & Associates LLP  
Bridge House  
181 Queen Victoria Street  
London EC4V 4EG

**Listed investments custodian**  
Brewin Dolphin Limited  
Time Central  
32 Gallowgate  
Newcastle upon Tyne NE1 4SR

**Solicitors**

Reed Smith LLP  
1 Blossom Yard  
London E1 6RS

**Registrar**  
The City Partnership (UK) Limited  
The Mending Rooms  
Park Valley Mills  
Meltham Road  
Huddersfield  
HD4 7BH

**Stockbrokers**

Panmure Liberum Limited  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London EC2Y 9LY

**Bankers**

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

01484 240 910  
[registrars@city.uk.com](mailto:registrars@city.uk.com)

# Shareholder information

## The Company

Northern 2 VCT PLC is a Venture Capital Trust (VCT) which has been listed on the London Stock Exchange since January 1999. The Company invests mainly in unquoted venture capital holdings, with its remaining assets predominantly held in a portfolio of money market funds and bank deposits.

Northern 2 VCT PLC is managed by Mercia Fund Management Limited (Mercia), a wholly owned subsidiary of Mercia Asset Management PLC (MAM). MAM is a specialist alternative asset manager with over 15 years' experience of providing capital to high-growth UK SMEs, meeting a large, growing and under-served need for long-term investment capital. MAM offers high-growth UK SMEs a complete capital solution including private equity, debt, seed and venture capital (the latter category accounting for the majority of its investment activity). In being managed by Mercia, the VCTs have the opportunity to co-invest alongside MAM's own funds, or other funds managed by MAM and its subsidiaries, that are able to provide replacement capital and invest without the restrictions of the VCT Rules.

Mercia also acts as adviser to Northern Venture Trust PLC and manager of Northern 3 VCT PLC, in addition to various other investment funds. The Company, Northern Venture Trust PLC and Northern 3 VCT PLC are generally known in the market as the Northern VCTs and are the only VCTs which Mercia manages or advises.

Mercia Asset Management PLC is quoted on AIM.

Northern 2 VCT PLC is a member of the Association of Investment Companies (AIC).

## Venture Capital Trusts

Venture Capital Trusts (VCTs) were introduced by the Chancellor of the Exchequer in the November 1994 Budget, the relevant legislation now being contained in the Income Tax Act 2007. VCTs are intended to provide a means whereby private individuals can invest in small unquoted trading companies in the UK, with an incentive in the form of a range of tax benefits. With effect from 6 April 2006, the benefits to eligible investors include:

- income tax relief at up to 30% on new subscriptions of up to £200,000 per tax year, provided the shares are held for at least five years;
- exemption from income tax on dividends paid by VCTs (such dividends may include the VCT's capital gains as well as its income); and
- exemption from capital gains tax on disposals of shares in VCTs.

In order to maintain approved status, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007; in particular, a VCT is required at all times to hold at least 80% by value of its investments in qualifying holdings, of which at least 70% must comprise eligible shares. For this purpose a 'qualifying holding' is an investment in new shares or securities of an unquoted company (which may however be quoted on AIM) which has a permanent establishment in the UK, is carrying on a qualifying trade, and whose gross assets and number of employees at the time of investment do not exceed prescribed limits.

The definition of 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing. The Finance (No 2) Act 2015 contained a number of significant changes to the VCT rules for investments completed after its introduction, designed to secure approval of the VCT

scheme by the European Commission. A company whose trade is more than seven years old (ten years for 'knowledge intensive' companies) will generally only qualify for VCT investment if it has previously received State-aided risk finance before the end of the initial investing period or the new investment exceeds 10% of the total turnover for the past five years and the funds are used for new products and/or geographical markets; there is a lifetime limit of £12 million (£20 million for 'knowledge intensive' companies) on the amount of State-aid funding receivable by a company; and VCT funds may not be used by a company to acquire shares in another company or to acquire a business. A breach of the requirements may lead to a loss of VCT status.

The Finance Act 2018 contained further changes to the conditions for a VCT to maintain its approved status. The changes were designed to increase the level of qualifying investments made by VCTs. A non-exhaustive list of the main points is as follows:

- investments made from 15 March 2018 are only qualifying if they meet the risk-to-capital condition. This principles based condition broadly requires the investee company to be an early stage, higher risk, entrepreneurial company which has the potential to grow in the long term;
- debt finance provided by VCTs must be made on an unsecured basis;
- a VCT must invest at least 30% of any funds raised in an accounting period commencing on or after 6 April 2018 in qualifying holdings within 12 months of the period end; and
- investments made from 6 April 2019 in qualifying holdings must comprise, in aggregate, at least 70% of eligible shares, regardless of when the money used to fund the investment was raised.

The Finance Act 2024 contained an extension to the ‘sunset clause’, with shares now issued by Venture Capital Trusts before 6 April 2035 now eligible for tax relief (was previously 2025).

### Share price

The Company’s share price is carried daily in the Financial Times and the Daily Telegraph.

A range of shareholder information is provided on the internet at <https://northern-vcts.cityhub.uk.com/login> by the Company’s registrar, The City Partnership (UK) Limited, including details of shareholdings, indicative share prices and information on recent dividends (see page 13 for contact details for The City Partnership (UK) Limited).

Share price information can also be obtained via the Company’s website.

### Dividend investment scheme

The Company operates a dividend investment scheme, giving shareholders the option of investing their dividends in new ordinary shares in the Company with the benefit of the tax reliefs currently available to VCT subscribers. Instructions on how to join the scheme are included within the dividend section of our website, which can be found here: [mercia.co.uk/vcts/n2vct/](https://mercia.co.uk/vcts/n2vct/).

### Electronic communications

The Company continues to provide the option to shareholders to receive communications from the Company electronically rather than by paper copy. Shareholders who wish to change their preferences should visit the Hub (<https://northern-vcts.cityhub.uk.com/login>) (operated by the Company’s registrar, The City Partnership (UK) Limited), and select their preferred method of delivery of company communications. Alternatively, shareholders may contact the registrar directly to confirm their communication preference using the details on page 13.

# Financial calendar

Subject to regular review by the Directors, the Company’s financial calendar for the year ending 31 March 2026 is as follows:

## November 2025

Half-yearly financial report for the six months ending 30 September 2025 published

## January 2026

Interim dividend paid

## June 2026

Final dividend and results for year ending 31 March 2026 announced

## June 2026

Annual report and financial statements published

## August 2026

Annual General Meeting

## September 2026

Final dividend paid

# Strategic report

This report has been prepared by the Directors in accordance with the requirements of Section 414 of the Companies Act 2006. The Company's independent auditor is required by law to report on whether the information given in the Strategic Report and Directors' Report is consistent with the financial statements. The auditor's report is set out on pages 48 to 52.

## Corporate objective

The Company's objective is to provide long-term tax-free returns to investors through a combination of dividend yield and capital growth, by investing primarily in unquoted UK businesses which meet the Manager's key criteria of good growth potential, strong management and potential to generate cash in the medium to long term.

## Investment policy

The Company's investment policy has been designed to enable the Company to achieve its objective whilst complying with the qualifying conditions set out in the VCT rules, as amended by HM Government from time to time.

The Directors intend that the long-term disposition of the Company's assets will be approximately 80% in a portfolio of VCT-qualifying unquoted and AIM-quoted investments and 20% in other investments selected with a view to producing an enhanced return while avoiding undue capital volatility, 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 buy-backs.

Within the VCT-qualifying portfolio, investments will be 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. The selection of new investments will necessarily have regard to the VCT rules, which are designed to focus investment on earlier stage development capital opportunities. The portfolio will be diversified by investing in a broad range

of VCT-qualifying industry sectors and by holding investments in companies at different stages of maturity in the corporate development cycle. The normal investment holding period is expected to be in the range from three to ten years.

No single investment will normally represent in excess of 3% of the Company's total assets at the time of initial investment. As investments are held with a view to long-term capital growth as well as income, 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 will normally be made using the Company's equity shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

## Investment management

Mercia Fund Management Limited ('Mercia') acts as Investment Manager and has done so since the Company consented to the novation of its existing investment management agreement from NVM Private Equity LLP ('NVM'), effective on 23 December 2019.

The Board's Management Engagement Committee reviews the terms of Mercia's appointment as Investment Manager on a regular basis. Further information about the terms of the management agreement with Mercia and the remuneration payable to Mercia is set out in the Directors' Report on pages 35 to 38 and in Note 3 to the financial statements.

## Co-investment arrangements

The Company operates within a co-investment and allocation policy that applies to all funds managed by the Mercia group. Under the terms of this policy, where an investment opportunity is VCT qualifying and the funding requirement is in excess of £3 million, the Company and the other VCTs managed by Mercia are the preferred lead investors. For these opportunities

the Company is entitled to participate pro rata to net assets alongside the other VCT funds managed by Mercia; save where the investment opportunity is located in the West or East Midlands, Yorkshire, Humberside, Teesside or the North East, where minimum syndication requirements mean that certain other funds managed by Mercia can participate in the funding round alongside the Northern VCTs; with an allocation in proportion to each fund's relative net asset value. Where the funding round for a new opportunity is under £3 million the VCTs will not be the lead investors; but if any such deal is in excess of £2.5 million, the Northern VCT funds have the right to participate at a de minimis level of £0.5 million.

In relation to follow-on rounds of investment where the Company and other Northern VCTs are existing investors, the Company, alongside the other Northern VCT funds, shall have priority to determine how much they wish to invest, with no requirement to offer such investment opportunity to the other funds managed or advised by the Mercia group (although they are free to do so if so determined by the Manager).

Under a co-investment scheme, members of the VCT investment team and certain key Mercia executives are required to invest personally alongside the funds in each VCT-qualifying investment on a predetermined basis.



**Table 1: Movements in net assets and net asset value per share**

	£000	Pence per ordinary share
<b>Net asset value at 31 March 2024</b>	<b>119,526</b>	<b>57.3</b>
Net revenue (investment income less revenue expenses and tax)	1,050	0.5
Capital surplus arising on investments:		
Realised net gains on disposals	3,148	1.4
Movements in fair value of investments	5,338	2.4
Expenses allocated to capital account (net of tax)	(1,170)	(0.5)
<b>Total return for the year as shown in the income statement</b>	<b>8,366</b>	<b>3.8</b>
Proceeds of issue of new shares (net of expenses)	10,844	0.1
Shares re-purchased for cancellation	(4,211)	–
<b>Net movement for the year before dividends</b>	<b>14,999</b>	<b>3.9</b>
<b>Net asset value at 31 March 2025 before dividends recognised</b>	<b>134,525</b>	<b>61.2</b>
Dividends paid in the financial year	(6,447)	(2.9)
<b>Net asset value at 31 March 2025</b>	<b>128,078</b>	<b>58.3</b>

**Table 2: Venture capital portfolio cash flow**

Year ended 31 March	New investment £000	Disposal proceeds £000	Net cash inflow / (outflow) £000
2021	6,744	16,796	10,052
2022	14,681	26,153	11,472
2023	15,963	12,071	(3,892)
2024	14,817	12,667	(2,150)
2025	14,605	9,158	(5,447)
<b>Total</b>	<b>66,810</b>	<b>76,845</b>	<b>10,035</b>

**Overview of the year**

During the year under review the Company achieved a total return, before dividends, of 3.8 pence per share, equivalent to 6.6% of the opening net asset value per share of 57.3 pence. The movement in total net assets and net asset value per share is summarised in Table 1.

Total income from investments during the year increased to £3.1 million (2024: £2.7 million).

The basic investment management fee payable to the Manager was £2.3 million (2024: £2.1 million) and there was a performance-related management fee payable in respect of the current year of £0.3 million (2024: £nil).

The net cash outflow from the venture capital portfolio during the year was £5.4 million, comprising investments of £14.6 million less disposal proceeds of £9.2 million. Portfolio cash flow over the past five years is summarised in Table 2.

After taking account of other cash flows, including the £10.8 million net proceeds from the fundraising and dividend reinvestment scheme, £4.2 million share buy-back payments, and dividend payments of £6.4 million, the Company's total cash balances decreased over the year by £4.9 million to £38.1 million.

Future developments of the business are discussed in the outlook section of the Chair's statement on page 10.

## Strategic report *continued*

### New investments

The new investments completed in the year were:

---

**Semble Technology (£2,072,000)**

Practice management software for healthcare clinicians

---

**Napo (£2,052,000)**

Pet insurance provider with a focus on preventative care and customer experience

---

**Ski Zoom (t/a Heidi Ski) (£1,459,000)**

Booking platform for flexible mountain breaks

---

**Culture AI (£1,376,000)**

Cyber security training and monitoring platform

---

**Promethean Particles (£1,333,000)**

Developer of carbon capture and storage technologies

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**Scalpel (£1,036,000)**

Enterprise AI for automated surgical tray validation

---

### Dividends

The Directors have declared or proposed dividends totalling 3.0 pence per share in respect of the year.

### Venture capital investment portfolio

The venture capital investment portfolio comprises of 57 portfolio companies and was valued at £87.9 million as at 31 March 2025. Almost half of the portfolio (48%) was invested in companies operating in the areas of Software & AI, followed by Consumer at 25% and Health & Life Sciences sectors at 22%. Further details of the composition of the portfolio are shown at pages 4 and 6.

### Venture capital investment activity

During the year ended 31 March 2025, six new venture capital investments were completed at a cost of £9.3 million, and additional funding totalling £5.3 million was invested in 11 existing portfolio companies, by way of follow-on funding rounds. The proportion of annual investment in follow-on investments is in line with the evolution of the portfolio to earlier stage companies, which often require multiple rounds of growth finance to realise their potential.

A summary of the venture capital holdings at 31 March 2025 is given on pages 25 to 27, with information on the 15 largest investments on pages 28 to 32.

### Investment realisations

Details of investment disposals during the year are set out in Note 9 on page 64. The most significant disposals (original cost or sales proceeds in excess of £0.5 million) are summarised in Table 3.

**Gentronix** is a biotechnology company that provides predictive toxicology solutions. The Company originally invested in 2007 and exited in September 2024 for proceeds of £5.2 million, representing a lifetime return of 4.5x.

**Grip UK (t/a The Climbing Hangar)** is an indoor bouldering enterprise. The Company originally invested in 2018 and continued to support the business as it re-established itself after COVID. The Company exited in October 2024 for £2.5 million, a lifetime return of 0.7x.

**Intuitive Holding** is a provider of travel reservation software. The Company originally invested in 2012 and exited in March 2025 for proceeds of £2.5 million (including £0.7 million accrued loan interest), a lifetime return of 2.1x.

**Nutshell** was a no code mobile application platform. The Company made its initial investment in 2020, Nutshell entered administration during the year.

**Ablatus Therapeutics** was a university spin-out enterprise focused on tissue ablation technology. The Company made its initial investment in 2018, Ablatus entered voluntary liquidation during the year.

**Table 3: Significant investment realisations**

Company	Date of original investment	Original cost £000	Sales proceeds £000	Realised surplus / (deficit) £000
Gentronix	2007	1,164	5,181	4,017
Grip UK (t/a The Climbing Hangar)	2018	3,536	2,525	(1,011)
Intuitive Holding	2012	1,508	1,823	315
Nutshell	2020	675	–	(675)
Ablatus Therapeutics	2018	559	–	(559)

### Valuation policy

Unquoted investments are valued in accordance with the accounting policy set out on page 58, which follows the International Private Equity and Venture Capital Valuation (IPEV) guidelines, being the industry accepted best practice.

Where valuations are based on company earnings, audited historic results will be taken into account along with more recent unaudited information and projections where these are considered sufficiently reliable. For investments in earlier stage businesses, where a material arm's length transaction has recently been concluded, this is usually taken as the starting point for fair value, and subsequently tested and recalibrated to reflect changes in market conditions or company specific performance. Performance is typically considered using a range of metrics such as annual recurring revenue, EBITDA, milestones achieved, customer wins, cash runway and budget accuracy. Provision against cost is made where an investment is under-performing significantly.

As at 31 March 2025 the number of venture capital investments falling into each valuation category was as shown in Table 4.

**Table 4: Venture capital investment valuation by category**

	Number of investments	Valuation £000	% of portfolio by value
<b>Unquoted investments at the Directors' valuation</b>			
Revenue/earnings multiple	36	62,848	72%
Price of a recent investment subsequently calibrated as appropriate	19	24,981	28%
<b>Quoted investments at bid price</b>			
Quoted on AIM	2	60	–
<b>Total</b>	<b>57</b>	<b>87,889</b>	<b>100%</b>

## Strategic report *continued*

### Responsible investment

The Company's approach to Environmental, Social and Governance (ESG) responsibilities is set out on pages 33 to 34.

### Maintenance of VCT-qualifying status

The Directors believe that the Company has at all times since inception complied with the VCT qualifying conditions laid down by HM Revenue & Customs.

### Key performance indicators

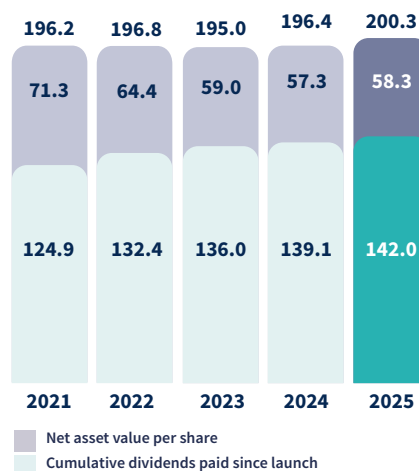
The Directors regard the following as the key indicators pertaining to the Company's performance:

**Net asset value and total return to shareholders:** the chart opposite shows the movement in net asset value and total return (net asset value plus cumulative dividends) per share over the past five financial years.

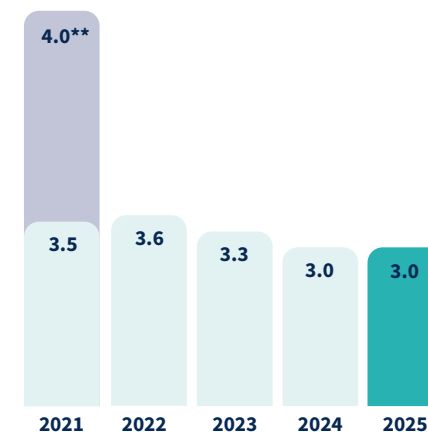
**Dividend distributions:** the chart opposite shows the dividends (including proposed final dividend) declared in respect of each of the past five financial years.

**Ongoing charges:** the charts opposite show total annual running expenses as a percentage of the average net assets attributable to shareholders for each of the past five financial years.

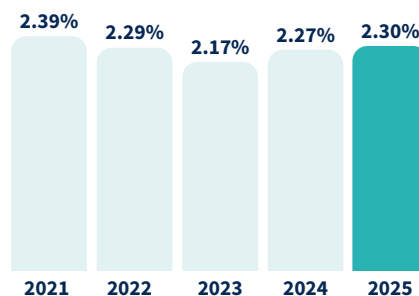
Net asset value plus cumulative dividends paid per share (pence)\*



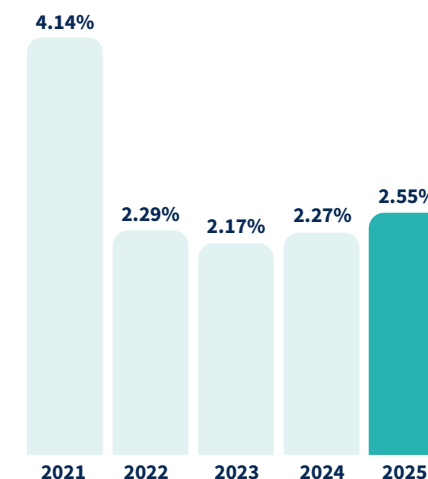
Dividends per share (pence)\*



Ongoing charges excluding performance fees (% of average net assets)



Ongoing charges including performance fees (% of average net assets)



## Risk management

The Board carries out a regular and robust assessment of the risk environment in which the Company operates and seeks to identify new risks as they emerge. The principal and emerging risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

Risk	Mitigation
<b>Availability of qualifying investments:</b> there can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives, which could have an adverse effect on investor returns. Additionally, the Company's ability to obtain maximum value from its investments may be limited by the requirements of the relevant VCT Rules in order to maintain the VCT status of the Company.	The Manager has a dedicated investment team that identifies and transacts in qualifying investments. The Directors regularly meet with the Manager to maintain awareness of the pipeline, and factors this into the Company's fund raising plans.
<b>Credit risk:</b> the Company holds a number of financial instruments and cash deposits and is dependent on the counterparties discharging their commitment. Such balances may be held with banks or in money market funds as part of the Company's liquidity management.	The Directors review the creditworthiness of the counterparties to these instruments including the rating of money market funds to seek to manage and mitigate exposure to credit risk.
<b>Economic and geopolitical risk:</b> events such as economic recession or general fluctuation in stock markets, exchange rates and interest rates, notwithstanding recent lower inflation and falling interest rates, may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value. In addition, US trade policy and hostilities in the Middle East and Ukraine (including sanctions on the Russian Federation) may have further economic consequences as a result of market volatility and the restricted access to certain commodities and energy supplies. Such conditions may adversely affect the performance of companies in which the Company has invested (or may invest), which in turn may adversely affect the performance of the Company, and may have an impact on the number or quality of investment opportunities available to the Company and the ability of the Manager to realise the Company's investments. Any of these factors could have an adverse effect on investor returns.	The Company invests in a diversified portfolio of investments spanning various industry sectors and which are at different stages of growth. The Company maintains sufficient cash reserves to be able to provide additional funding to investee companies where it is appropriate and in the interests of the Company to do so. The Manager's team is structured such that appropriate monitoring and oversight is undertaken by an experienced investment executive. As part of this oversight, the investment executive will guide and support the board of each unquoted investee company. At all times, and particularly during periods of heightened economic uncertainty, the investment team of the Manager share best practice from across the portfolio with the investee management teams in order to help with addressing economic challenges.
<b>Financial risk:</b> most of the Company's investments involve a medium to long-term commitment and many are illiquid.	The Directors consider that it is inappropriate to finance the Company's activities through borrowing except on an occasional short-term basis. Accordingly they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to pursue new unquoted investment opportunities and to make follow-on investments in existing portfolio companies. The Company has very little direct exposure to foreign currency risk and does not enter into derivative transactions.

## Strategic report *continued*

### Risk

**Investment and liquidity risk:** the Company invests in early stage companies which may be pre-revenue at the point of investment. Portfolio companies may also require significant funds, through multiple funding rounds to develop their technology or the products being developed may be subject to regulatory approvals before they can be launched into the market. This involves a higher degree of risk and company failure compared to investment in larger companies with established business models. Early stage companies generally have limited product lines, markets and financial resources and may be more dependent on key individuals. The securities of companies in which the Company invests are typically unlisted, making them particularly illiquid and may represent minority stakes, which may cause difficulties in valuing and disposing of the securities. The Company may invest in businesses whose shares are quoted on AIM however this may not mean that they can be readily traded and the spread between the buying and selling prices of such shares may be wide.

**Legislative and regulatory risk:** in order to maintain its approval as a VCT, the Company is required to comply with current VCT legislation in the UK. Changes to UK legislation in the future could have an adverse effect on the Company's ability to achieve satisfactory investment returns whilst retaining its VCT approval.

**Operational risk:** the Company does not have any employees and the Board relies on a number of third party providers, including the Manager, registrar and custodian, sponsor, receiving agent, lawyers and tax advisers, to provide it with the necessary services to operate. Such operations delegated to the Company's key service providers may not be performed in a timely or accurate manner, resulting in reputational, regulatory, or financial damage. The risk of cyber-attack or failure of the systems and controls at any of the Company's third party providers may lead to an inability to service shareholder needs adequately, to provide accurate reporting and accounting and to ensure adherence to all VCT legislation rules.

**Performance of the Manager:** the successful implementation of the Company's investment policy is dependent on the expertise of the Manager and its ability to attract and retain suitable staff. The Company's ability to achieve its investment objectives is largely dependent on the performance of the Manager in the acquisition and disposal of assets and the management of such assets. The Board has broad discretion to monitor the performance of the Manager and the power to appoint a replacement, but the Manager's performance or that of any replacement cannot be guaranteed.

**VCT qualifying status risk:** while it is the intention of the Directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that this status will be maintained. A failure to continue meeting the qualifying requirements could result in the loss of VCT tax relief, the Company losing its exemption from corporation tax on capital gains, to shareholders being liable to pay income tax on dividends received from the Company and, in certain circumstances, to shareholders being required to repay the initial income tax relief on their investment.

### Mitigation

The Directors aim to limit the investment and liquidity risk through regular monitoring of the investment portfolio and oversight of the Manager, who is responsible for advising the Board in accordance with the Company's investment objective. The investment and liquidity risks are mitigated through the careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures and maintaining a wide spread of holdings in terms of financing stage and industry sector within the rules of the VCT scheme. The Board reviews the investment portfolio and liquidity with the Manager on a regular basis.

The Board and the Manager monitor political developments and where appropriate seek to make representations either directly or through relevant trade bodies.

The Board has appointed an Audit and Risk Committee, who monitor the effectiveness of the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These controls are designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained. Third party suppliers are required to have in place their own risk and controls framework, business continuity plans and the necessary expertise and resources in place to ensure that a high quality service can be maintained even under stressed scenarios.

The Board reviews the performance of the Manager formally at Management Engagement Committee meetings and during the year at Board meetings. There is on-going dialogue outside of formal meetings. Performance is closely monitored against other VCT funds and review of other market intelligence.

The Manager keeps the Company's VCT qualifying status under continual review and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Philip Hare & Associates LLP to undertake an independent VCT status monitoring role.

The Board continually assesses and monitors emerging risks that could impact the Company's operations and strategic objectives. As part of the risk assessment process, the Board evaluates a wide range of potential threats and uncertainties that may arise from evolving market dynamics, regulatory changes, technological advancements such as artificial intelligence, geopolitical developments, and other external factors. By remaining aware of emerging risks, the Board ensures that the Company is better equipped to anticipate challenges and adapt swiftly to changing circumstances.

## Additional disclosures required by the Companies Act

### Section 172 Statement

Section 172 of the Companies Act 2006 requires a Director to promote the success of the Company. In doing this they must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this the Directors are required to have a regard, amongst other matters, to the:

- likely consequences of any decisions in the long term
- interests of the Company's employees
- 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
- need to act fairly as between members of the Company

In discharging their duties each Director has regard to the factors set out above and to other factors which they consider relevant to the decision being made. Those factors may include, for example, the interests and views of our shareholders, suppliers and regulators. The Board's aim is to make sure that decisions are consistent and predictable. Details on how the Board operates and the way directors reach decisions, including some of the matters discussed and debated during the year, the key stakeholder considerations that were central to those discussions and the way in which directors had regard to the need to foster the Company's long-term relationship with shareholders and other stakeholders, are included in the Corporate Governance section of this report on pages 41 to 46. The tables opposite detail the key stakeholders and associated engagements with the Board and the key decisions reached in the year.

## Key stakeholders

Stakeholder	Detail regarding stakeholder engagement
<b>Shareholders</b>	<p>The Directors recognise the value of maintaining regular communications with shareholders. Formal reports are published at the half-year and year-end stages and the Manager publishes periodic newsletters.</p> <p>An opportunity is given to shareholders at each annual general meeting to question the Board and the Manager on matters relating to the Company's operation and performance. Shareholders are able to observe the annual general meeting virtually if they are not able to attend in person.</p> <p>The Manager holds an annual seminar to which shareholders are invited and the Directors attend. The Board welcomes the opportunity to engage with shareholders at these events.</p> <p>Regulatory News Service ("RNS") announcements are published in accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules.</p>
<b>Investment Manager</b>	<p>The Company's most critical business relationship is with the Manager, Mercia. There is regular contact with Mercia and members of Mercia's senior leadership team attend the Company's Board meetings. The content discussed at each meeting is over a wide range of topics from Company strategy to issues faced by portfolio companies.</p> <p>The Management Engagement Committee and Board review the performance of the Manager on an ongoing basis.</p>
<b>Portfolio companies</b>	<p>The Company holds minority investments in its portfolio companies and it has appointed Mercia to manage the portfolio. Whilst day-to-day interaction with portfolio companies is delegated via the investment management agreement to Mercia, updates are received by the Board at least quarterly. The Directors take an active interest in the challenges faced by portfolio companies. More details can be found on page 34.</p>
<b>Suppliers</b>	<p>The Company has relationships with a number of key suppliers including its auditor, taxation advisers, solicitors, stockbrokers, banks and registrar. The Manager, with the oversight of the Board, monitors the performance of each of the Company's suppliers on a periodic basis and each have demonstrated continued effectiveness.</p>
<b>Community and environment</b>	<p>Alongside the Manager, the Company considers its impact on the community and environment. Full details regarding the Company's approach can be found within the Responsible Investment section of this report on pages 33 and 34.</p>
<b>Employees</b>	<p>The Company does not have any employees. The Board is comprised of non-executive directors.</p>

# Strategic report *continued*

## Key decisions

The Directors’ decisions are intended to achieve the Company’s corporate objective. Maintaining the Company’s status as a VCT is a critical element of this.

Decision	Detail regarding decision made
Decision to fundraise	The decision was made to fundraise a total of £15 million for the Company. Following confirmation of the extension of the sunset clause, the Board carefully considered its cash requirements over the medium term. The Company continues to actively invest in VCT-qualifying holdings, not only in new investment opportunities but also by providing additional rounds of funding for existing investee companies. This approach requires the Company to maintain a strong reserve of liquid assets, so that sufficient cash resources are available to meet expected future requirements.
Payment of dividends	The Company targets a dividend of at least 5% of the opening NAV per share in each year, subject to protecting the NAV from erosion over the medium term. The Board continues to assess and balance the ability to pay dividends with maintaining a stable NAV when proposing the level of dividends.
Audit retender	Following notification from the incumbent auditor that they would need to commercially assess their audit fees for the next financial year, the Audit and Risk Committee performed a tender process inviting a number of firms including the incumbent auditor for the provision of audit services. Based on a wide range of selection criteria the Board approved its recommendation to select Johnston Carmichael LLP as the Company’s auditor for the financial year beginning 1 April 2025 onwards.

## Future prospects

The challenges posed by the slower domestic and global economy persist for UK businesses. Nevertheless, our Directors find encouragement in the overall resilience demonstrated by our portfolio.

Our commitment to supporting the growth and success of entrepreneurial ventures in the UK remains unwavering. We are confident that our Company is well-positioned to support such endeavours.

The Strategic report was approved by the Board of Directors and is signed on its behalf by

## Mercia Company Secretarial Services Limited

Company Secretary  
17 June 2025



# Investment portfolio

31 March 2025

		Cost £000	Valuation £000	% of net assets by value	Like for like valuation increase / (decrease) over period** £000
<b>Fifteen largest venture capital investments</b>					
1	Project Glow Topco (t/a The Beauty Tech Group, previously t/a Currentbody.com)	1,544	6,706	5.2%	3,449
2	Pure Pet Food	1,516	5,614	4.4%	3,008
3	Rockar	1,766	3,348	2.6%	370
4	Pimberly	1,876	3,207	2.5%	37
5	Tutora (t/a Tutorful)	3,023	3,023	2.4%	–
6	Netacea	2,486	2,486	1.9%	–
7	Forensic Analytics	2,475	2,475	1.9%	–
8	Biological Preparations Group	2,166	2,392	1.9%	406
9	Ridge Pharma	1,387	2,342	1.8%	333
10	Turbine Simulated Cell Technologies	1,955	2,175	1.7%	24
11	Semble	2,072	2,072	1.6%	–
12	Napo	2,052	2,052	1.6%	–
13	Risk Ledger	1,509	2,044	1.6%	534
14	LMC Software	1,842	2,036	1.6%	194
15	Broker Insights	1,961	2,033	1.6%	64
<b>Other venture capital investments</b>					
16	Social Value Portal	2,016	2,016	1.6%	–
17	Enate	1,394	1,999	1.6%	606
18	Send Technology Solutions	1,858	1,930	1.5%	72
19	Clarilis	1,828	1,828	1.4%	0
20	Naitive Technologies	1,706	1,803	1.4%	97
21	Volumatic Holdings	216	1,773	1.4%	(148)
22	Camena Bioscience	1,702	1,702	1.3%	–
23	Moonshot	1,235	1,679	1.3%	444

## Investment portfolio 31 March 2025 *continued*

Other venture capital investments		Cost £000	Valuation £000	% of net assets by value	Like for like valuation increase / (decrease) over period** £000
24	Administrate	2,629	1,667	1.3%	(166)
25	Newcells Biotech	2,935	1,618	1.3%	(1,541)
26	Locate Bio	1,597	1,597	1.3%	–
27	VoxPopMe	1,518	1,518	1.2%	–
28	Wonderush Ltd (t/a Hownow)	1,513	1,513	1.2%	–
29	Ski Zoom (t/a Heidi Ski)	1,459	1,459	1.1%	–
30	Axis Spine Technologies	1,420	1,423	1.1%	4
31	Culture AI	1,376	1,376	1.1%	–
32	Promethean	1,333	1,333	1.0%	–
33	Buoyant Upholstery	605	1,215	0.9%	(647)
34	Optellum	1,206	1,206	0.9%	–
35	Duke & Dexter	1,132	1,172	0.9%	583
36	Centuro Global	1,109	1,109	0.9%	–
37	iOpt	1,006	1,096	0.9%	90
38	Tozaro (formerly MIP Discovery)	1,094	1,094	0.9%	–
39	Scalpel	1,036	1,036	0.8%	–
40	Rego Technologies (t/a Upp)(formerly Volo)	2,349	1,034	0.8%	375
41	Wobble Genomics	1,034	1,034	0.8%	–
42	Warwick Acoustics	1,002	1,002	0.8%	–
43	Seahawk Bidco	479	907	0.7%	(20)
44	Oddbox	1,002	795	0.6%	65
45	Synthesized	482	710	0.6%	227
46	Quotevine	1,187	448	0.3%	448
47	Thanksbox (t/a Mo)	1,524	364	0.3%	(11)
48	Atlas Cloud	647	355	0.3%	(1)

Other venture capital investments		Cost £000	Valuation £000	% of net assets by value	Like for like valuation increase / (decrease) over period** £000
49	Fresh Approach (UK) Holdings	873	309	0.2%	(125)
50	Arnlea Holdings	1,287	224	0.2%	(11)
51	Sorted	164	216	0.2%	53
52	Sen Corporation	643	133	0.1%	(147)
53	Northrow	1,406	70	0.1%	(578)
54	Angle*	134	36	0.0%	(10)
55	Customs Connect Group	1,433	31	0.0%	(75)
56	Adludio	2,667	30	0.0%	(2,646)
57	Velocity Composites*	84	24	0.0%	(6)
<b>Total venture capital investments</b>		<b>82,950</b>	<b>87,889</b>	<b>68.6%</b>	
<b>Net current assets</b>			<b>40,189</b>	<b>31.4%</b>	
<b>Net assets</b>			<b>128,078</b>	<b>100.0%</b>	

\* Quoted on AIM.

\*\* This change in 'like for like' valuations is a comparison of the 31 March 2025 valuations with the 31 March 2024 valuations (or where a new investment has been made in the year, the investment amount), having adjusted for any partial disposals, loan stock repayments or new and follow-on investments in the year.

# 15 largest venture capital investments

1



**Cost**  
**£1.5m**  
(2024: £1.5m)

**Valuation**  
**£6.7m**  
(2024: £3.3m)

<b>Basis of valuation</b>	Earnings multiple
<b>Equity held</b>	3.0% (Mercia funds total 9.6%)
<b>Business</b>	Online marketplace for home-use beauty products
<b>Location</b>	Stockport
<b>History</b>	Development capital funding, November 2021, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

## Key published information:

Period ended 31 December 2023 (11 months)/31 January 2023 (16 months)	December 2023 £m	January 2023 £m
<b>Sales</b>	<b>68.3</b>	64.6
<b>EBITDA</b>	<b>9.4</b>	5.2
<b>Profit / (loss) before tax</b>	<b>(3.4)</b>	(9.4)
<b>Profit / (loss) after tax</b>	<b>(4.1)</b>	(9.3)
<b>Net assets</b>	<b>(11.7)</b>	(8.7)

2



**Cost**  
**£1.5m**  
(2024: £1.6m)

**Valuation**  
**£5.6m**  
(2024: £2.9m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	10.2% (Mercia funds total 40.0%)
<b>Business</b>	Production of organic pet food
<b>Location</b>	Halifax
<b>History</b>	Development capital financing, March 2019, led by NVM Private Equity
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT, NPIF YHTV Equity LP
<b>Income in year</b>	Dividends Nil, Loan stock interest £45,000

## Key published information:

Year ended 31 March	2024 £m	2023 £m
<b>Sales</b>	<b>10.6</b>	4.6
<b>EBITDA</b>	<b>(1.0)</b>	(2.6)
<b>Profit / (loss) before tax</b>	<b>(1.8)</b>	(3.8)
<b>Profit / (loss) after tax</b>	<b>(1.8)</b>	(3.6)
<b>Net assets</b>	<b>(4.3)</b>	(2.6)

3

**Rockar**

**Cost**  
**£1.8m**  
(2024: £1.8m)

**Valuation**  
**£3.3m**  
(2024: £3.0m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	7.1% (Mercia funds total 21.5%)
<b>Business</b>	E-commerce and fulfilment platform for new car sales
<b>Location</b>	Hull
<b>History</b>	Management buy-out financing, July 2016, led by NVM Private Equity
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest £35,000

## Key published information:

Year ended 31 December	2023 £m	2022 £m
<b>Sales</b>	<b>8.1</b>	7.5
<b>EBITDA</b>	<b>2.1</b>	1.7
<b>Profit / (loss) before tax</b>	<b>-</b>	0.8
<b>Profit / (loss) after tax</b>	<b>(0.1)</b>	1.2
<b>Net assets</b>	<b>4.1</b>	4.2

## 4 pimberly

**Cost**  
**£1.9m**  
(2024: £1.9m)

**Valuation**  
**£3.2m**  
(2024: £3.2m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	6.1% (Mercia funds total 51.0%)
<b>Business</b>	Product information management software
<b>Location</b>	Manchester
<b>History</b>	Development capital funding, October 2021, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT, Mercia Investment Plan LP, NPIF YHTV Equity LP
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024 £m	2023 £m
<b>Year ended 30 June</b>		
<b>Sales</b>	4.9	4.2
<b>EBITDA</b>	(2.8)	(3.3)
<b>Profit / (loss) before tax</b>	(2.9)	(3.3)
<b>Profit / (loss) after tax</b>	(2.7)	(2.7)
<b>Net assets</b>	3.1	2.0

## 5 tutorful

**Cost**  
**£3.0m**  
(2024: £3.0m)

**Valuation**  
**£3.0m**  
(2024: £3.0m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	13.8% (Mercia funds total 42.7%)
<b>Business</b>	Website to help parents and students find private tutors
<b>Location</b>	Sheffield
<b>History</b>	Development capital financing, October 2019, led by NVM Private Equity
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024 £m	2023 £m
<b>Year ended 31 December</b>		
<b>Sales</b>	4.1	4.0
<b>EBITDA</b>	0.5	(2.4)
<b>Profit / (loss) before tax</b>	0.5	(2.6)
<b>Profit / (loss) after tax</b>	0.5	(2.6)
<b>Net assets</b>	1.3	0.8

## 6 NETACEA

**Cost**  
**£2.5m**  
(2024: £2.5m)

**Valuation**  
**£2.5m**  
(2024: £2.5m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	4.6% (Mercia funds total 55.0%)
<b>Business</b>	AI-powered cyber security consultancy
<b>Location</b>	Manchester
<b>History</b>	Development capital financing into Intechnica, December 2021, subsequent de-merger of Netacea, May 2022
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT, Mercia Investment Plan LP, NPIF YHTV Equity LP
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024 £m	2023 £m
<b>Year ended 31 March</b>		
<b>Sales</b>	4.3	6.5
<b>EBITDA</b>	(7.8)	(9.8)
<b>Profit / (loss) before tax</b>	(10.1)	(11.0)
<b>Profit / (loss) after tax</b>	(8.6)	(9.7)
<b>Net assets</b>	0.5	(3.8)

## 15 largest venture capital investments *continued*

7



**Forensic Analytics**

Digital Forensic Experts

**Cost**

**£2.5m**  
(2024: £1.8m)

**Valuation**

**£2.5m**  
(2024: £1.8m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	9.7% (Mercia funds total 37.1%)
<b>Business</b>	Call data communications analytics software
<b>Location</b>	Letchworth
<b>History</b>	Development capital financing, October 2021, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT, Mercia Investment Plan LP
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024	2023
Year ended 31 March	£m	£m
<b>Sales</b>	<b>6.0</b>	5.0
<b>EBITDA</b>	<b>(0.5)</b>	(1.7)
<b>Profit / (loss) before tax</b>	<b>(3.9)</b>	(3.3)
<b>Profit / (loss) after tax</b>	<b>(3.2)</b>	(2.5)
<b>Net assets</b>	<b>3.1</b>	3.2

8



**Biological Preparations**

**Cost**

**£2.2m**  
(2024: £2.2m)

**Valuation**

**£2.4m**  
(2024: £2.0m)

<b>Basis of valuation</b>	Earnings multiple
<b>Equity held</b>	22.8% (Mercia funds total 69.5%)
<b>Business</b>	Environmental biotechnology products
<b>Location</b>	Cardiff
<b>History</b>	Management buy-out financing, March 2015, led by NVM Private Equity
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2023	2022
Year ended 31 December	£m	£m
<b>Sales</b>	<b>12.8</b>	10.0
<b>EBITDA</b>	<b>1.3</b>	0.4
<b>Profit / (loss) before tax</b>	<b>0.4</b>	(0.4)
<b>Profit / (loss) after tax</b>	<b>0.4</b>	(0.4)
<b>Net assets</b>	<b>2.3</b>	1.9

9



**Cost**

**£1.4m**  
(2024: £1.4m)

**Valuation**

**£2.3m**  
(2024: £2.0m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	12.6% (Mercia funds total 38.6%)
<b>Business</b>	Sale of pharmaceuticals (branded, generics, specials)
<b>Location</b>	Reading
<b>History</b>	Development capital financing, September 2018, led by NVM Private Equity
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024	2023
Year ended 31 December	£m	£m
<b>Sales</b>	<b>6.1</b>	4.9
<b>EBITDA</b>	<b>0.3</b>	(0.2)
<b>Profit / (loss) before tax</b>	<b>-</b>	(0.2)
<b>Profit / (loss) after tax</b>	<b>-</b>	(0.2)
<b>Net assets</b>	<b>0.7</b>	0.7

10

**Cost**

**£2.0m**  
(2024: £1.5m)

**Valuation**

**£2.2m**  
(2024: £1.7m)

<b>Basis of valuation</b>	Price of a recent investment
<b>Equity held</b>	2.9% (Mercia funds total 8.8%)
<b>Business</b>	Simulation of cell reaction to treatment of complex disease
<b>Location</b>	London
<b>History</b>	Development capital financing, October 2022, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

**Key published information:**

	2023	2022
Year ended 31 December	£m	£m
<b>Sales</b>	<b>0.3</b>	–
<b>EBITDA</b>	<b>(7.9)</b>	(6.0)
<b>Profit / (loss) before tax</b>	<b>(9.4)</b>	(7.2)
<b>Profit / (loss) after tax</b>	<b>(8.7)</b>	(6.8)
<b>Net assets</b>	<b>10.3</b>	12.9

11

**Cost**

**£2.1m**  
(2024: N/A)

**Valuation**

**£2.1m**  
(2024: N/A)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	3.6% (Mercia funds total 10.6%)
<b>Business</b>	Practice management software for healthcare clinicians/clinics
<b>Location</b>	London
<b>History</b>	Development capital financing, October 2024, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

**Key published information:**

	2023	2022
Year ended 31 December	£m	£m
<b>Sales</b>	<b>3.7</b>	2.4
<b>EBITDA</b>	<b>(2.2)</b>	(3.8)
<b>Profit / (loss) before tax</b>	<b>(2.3)</b>	(3.8)
<b>Profit / (loss) after tax</b>	<b>(2.3)</b>	(3.1)
<b>Net assets</b>	<b>0.2</b>	2.1

12

**Cost**

**£2.1m**  
(2024: N/A)

**Valuation**

**£2.1m**  
(2024: N/A)

<b>Basis of valuation</b>	Price of a recent investment
<b>Equity held</b>	3.3% (Mercia funds total 10.1%)
<b>Business</b>	Pet insurance platform
<b>Location</b>	London
<b>History</b>	Development capital financing, December 2024, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

**Key published information:**

	2023	2022
Year ended 31 December	£m	£m
<b>Sales</b>	<b>6.4</b>	2.3
<b>EBITDA</b>	<b>(6.1)</b>	(4.6)
<b>Profit / (loss) before tax</b>	<b>(6.2)</b>	(4.7)
<b>Profit / (loss) after tax</b>	<b>(6.0)</b>	(4.4)
<b>Net assets</b>	<b>5.5</b>	11.7

## 15 largest venture capital investments *continued*

13



RISK LEDGER

**Cost**  
**£1.5m**  
(2024: £1.5m)

**Valuation**  
**£2.0m**  
(2024: £1.5m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	4.9% (Mercia funds total 14.6%)
<b>Business</b>	Cyber security focused on customers' supply chain risk
<b>Location</b>	London
<b>History</b>	Development capital financing, August 2023, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024 £m	2023 £m
<b>Year ended 30 June</b>		
<b>Sales</b>	2.8	1.5
<b>EBITDA</b>	(2.5)	(2.4)
<b>Profit / (loss) before tax</b>	(2.4)	(2.4)
<b>Profit / (loss) after tax</b>	(1.8)	(2.4)
<b>Net assets</b>	2.8	(0.2)

14



Log my Care

**Cost**  
**£1.8m**  
(2024: £1.8m)

**Valuation**  
**£2.0m**  
(2024: £1.8m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	10.6% (Mercia funds total 32.9%)
<b>Business</b>	Social Care Management Software (for care homes for the elderly or disabled)
<b>Location</b>	London
<b>History</b>	Development capital financing, June 2022, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024 £m	2023 £m
<b>Year ended 31 December</b>		
<b>Sales</b>	2.2	1.4
<b>EBITDA</b>	(1.6)	(1.8)
<b>Profit / (loss) before tax</b>	(1.5)	(1.8)
<b>Profit / (loss) after tax</b>	(1.5)	(1.7)
<b>Net assets</b>	2.2	0.7

15



BROKER  
INSIGHTS

**Cost**  
**£2.0m**  
(2024: £2.0m)

**Valuation**  
**£2.0m**  
(2024: £2.0m)

<b>Basis of valuation</b>	Revenue multiple
<b>Equity held</b>	4.1% (Mercia funds total: 12.8%)
<b>Business</b>	Platform connecting insurers and brokers
<b>Location</b>	Dundee
<b>History</b>	Development capital financing, December 2021, led by Mercia Fund Management
<b>Other Mercia funds investing</b>	Northern Venture Trust, Northern 3 VCT
<b>Income in year</b>	Dividends Nil, Loan stock interest Nil

### Key published information:

	2024 £m	2023 £m
<b>Year ended 31 January</b>		
<b>Sales</b>	3.6	2.6
<b>EBITDA</b>	(2.6)	(2.0)
<b>Profit / (loss) before tax</b>	(2.0)	(2.0)
<b>Profit / (loss) after tax</b>	(2.0)	(2.0)
<b>Net assets</b>	0.8	2.8



# Responsible investment

## Environmental, social and governance

The Company is committed to conducting its affairs responsibly and considers environmental, social and governance (ESG) issues as part of its operations.

In addition to its commitment to financial performance, the Board is mindful of the impact of the Company and its investments on the environment alongside its social and corporate governance responsibilities. We recognise that the ESG regulatory and reporting landscape is subject to rapid change, and therefore the Company works closely with the Manager to ensure compliance and develop initiatives.

The Company is required, under the Companies Act 2006, to provide details of environmental performance, social, human rights, employee, community issues; including information about any policies it has in relation to these matters and the effectiveness of these policies. As the Company does not have any employees, nor its own premises, the Company does not maintain specific policies in relation to these matters, however the Manager maintains its own policies as appropriate.

### Responsible investment ESG KPIs as at 31 March 2025

**92%**

**(FY24: 93%)**

**KPI:**

Percentage of shareholders signed up for electronic communications

**Effect:**

Reducing the Company's carbon emissions from its own operations

**Theme:** Environmental

## Carbon Emissions

**KPI:**

The carbon emissions of the Manager were measured in the financial year

**Effect:**

Reducing the carbon emissions of our operations performed through the Manager

**Theme:** Environmental

**40%**

**(FY24: 50%)**

**KPI:**

Proportion of the Board identifying as female

**Effect:**

Promoting diversity in leadership

**Theme:** Social

**74%**

**(FY24: 78%)**

**KPI:**

Proportion of portfolio measured by value made outside of London

**Effect:**

Improving access to capital across the UK, benefiting local communities

**Theme:** Social

**42**

**(FY24: 37)**

**KPI:**

Number of portfolio companies where the Manager has a member of staff as a statutory director

**Effect:**

Encouraging best practice directly at board level of each portfolio company

**Theme:** Governance

**11**

**(FY24: 9)**

**KPI:**

Number of portfolio companies where we have assisted in identifying board / c-suite members in the year

**Effect:**

Improving governance in portfolio companies

**Theme:** Governance

# Environmental, social and governance *continued*

## Environmental

The Company is committed to investing in companies that are aware of their impact on the environment. As part of the Manager's investment process, environmental risks associated with potential portfolio companies are evaluated.

### Carbon emission reporting and SECR

The Streamlined Energy and Carbon Reporting (SECR) is a UK regulation that requires some large companies to report on their energy use, greenhouse gas emissions, and energy efficiency measures in their annual reports. The Company does not own or lease its own premises and does not employ any staff directly and as the Company consumes under 40MWh of energy per year, it is deemed a 'low energy user' and is therefore out of scope for SECR reporting. The Company's registered office is at the Manager's head office, which is in the process of finalising its fourth annual review of corporate carbon emissions, in collaboration with Positive Planet. It offset its emissions for the year to March 2024. More information can be found in its annual report.

### Task Force on Climate-related Financial Disclosures

The Company is not in scope for the Task Force on Climate-related Financial Disclosures (TCFD) and the Manager, due to its total assets under management being under £5 billion, is also out of scope. The Company will seek to voluntarily adopt any recommendations made by the TCFD which fall within its investment mandate as soon as reasonably practical.

### Portfolio carbon emissions reporting

Your Board is acutely aware of the importance of measuring and reporting the impact of the Company's complete carbon impact, including the impact of its investments in portfolio companies. Due to the early stage of its investee companies, many do not have the systems or resources in place to accurately record emissions. The Manager is focused on engaging with management teams directly, raising engagement and awareness. Instead of providing emissions data based on a large number of assumptions, the Manager will continue to monitor developments

in carbon reporting frameworks and engage with third parties to access the possibility of reporting on portfolio company level activity once meaningful, auditable data can be provided for the majority of the portfolio.

## Social

The Company's operations continue to provide social benefits to a wider group of stakeholders.

### Diversity

Your Directors understand the importance of promoting diversity of the Company's Board. The ongoing Board succession plan seeks to create a diverse group of experienced individuals. The Board had 40% representation from female directors as at 31 March 2025.

The Manager has also committed to encouraging diversity, with several initiatives in place such as:

- Being a signatory of the Investing in Women Code, a commitment to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector.
- Adhering to an Equal Opportunities policy that values and respects all employees, irrespective of role, gender, race, age, sexual orientation or religious belief.

### National focus

The Manager has a network of 11 locations nationwide, enabling local access to its investment team by management teams. This enables the Company to invest in companies spread across the country, not just in London. In total, 74% of the Company's investment, measured by value, is outside of London.

## Governance

As providers of Venture Capital with a dedicated investment team of 15 professionals that attend portfolio company board meetings, governance is an area in which your Board and the Manager strongly believe the Company can make a big impact.

### Investment process

As part of our standard investment process we look for companies with independent and diverse boards, robust internal controls, and a commitment to ethical behaviour and transparency. Management due diligence is performed as part of the investment process, feeding into the decision process on whether to invest. In addition, each investment recommendation from the Manager includes a dedicated section discussing ESG specific risks and value creation opportunities, encouraging the Manager's investment team and management teams to engage.

### Portfolio talent and operating partners

The Manager has a Head of Portfolio Talent in its dedicated VCT investment team, which strengthens the team's credentials in appointing and retaining the most appropriate people in portfolio companies. This forms part of a wider strategy to create value, and aligns with the Board's view that strong corporate governance is essential for long-term success. By supporting portfolio companies and surrounding them with experienced individuals we seek to strengthen each portfolio company's internal governance framework and provide a strong culture to 'do the right thing'.

### Value creation

By attending board meetings and engaging with management teams, the Manager looks to encourage best practice, creating opportunities for portfolio companies to network, instilling key performance indicators and supporting coaching of portfolio company leadership teams.

# Directors' report

## The Directors present their report and the audited financial statements for the year ended 31 March 2025.

### Activities and status

The principal activity of the Company during the year was the making of long-term equity and loan investments, mainly in unquoted companies.

The Directors have managed the affairs of the Company with the intention of maintaining its status as an approved venture capital trust for the purposes of Section 274 of the Income Tax Act 2007. The Directors consider that the Company was not at any time up to the date of this report a close company within the meaning of Chapter 2 of Part 10 of the Corporation Tax Act 2010. The Company's registered number is 03695071.

A consideration of the environmental impact of the Company's activities is set out on page 34.

### Corporate Governance

The statement on Corporate Governance set out on pages 41 to 46 is included in the Directors' Report by reference.

### Results and dividend

The return after tax for the year of £8,366,000 (2024: £2,848,000) has been transferred to reserves.

The final dividend of 1.2 pence per share in respect of the year ended 31 March 2024 and interim dividend of 1.7 pence per share in respect of the year ended 31 March 2025 were paid during the year at a cost of £6,447,000 and have been charged to reserves.

The Directors have proposed a final dividend of 1.3 pence per share for the year ended 31 March 2025. Subject to approval of the final dividend at the Annual General Meeting, the final dividend will be paid on 5 September 2025 to shareholders on the register on 8 August 2025.

### Provision of information to the auditor

Each of the Directors who held office at the date of approval of this Directors' Report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they could reasonably be expected to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Statement on long-term viability

In accordance with the requirements of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over the three year period to March 2028. The Directors consider that for the purpose of this exercise it is not practical or meaningful to look forward over a period of more than three years and that the period is appropriate for a business of the Company's nature and size.

In making their assessment the Directors have carried out a robust review of the risk environment in which the Company operates, including those risks which might threaten its business model or future performance and the steps taken with a view to their mitigation (see page 21 for further details on risk management). The Directors have considered the ability of the Company to comply on an ongoing basis with the conditions for maintaining VCT approved status. The Directors have also considered the nature of the Company's business, including its substantial reserve of cash and near-cash investments, the potential of its venture capital portfolio to generate future income and capital proceeds and the ability of the Directors to control the level of future cash outflows arising from sharebuy-backs, dividends and investments. When assessing the potential future cashflows of the Company, the Directors have considered various scenarios including a 'downside case' where potential cash inflows are severely impacted by economic disruption. As detailed on page 43, the Management Engagement Committee has also considered the Company's relationship with the

Investment Manager, Mercia, by reference to the performance of the venture capital portfolio and the expertise demonstrated by Mercia in venture capital investment.

Taking into account the Company's current position and principal risks, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation over the three year period and meet its liabilities as they fall due over that period.

Future developments of the business are discussed in the outlook section of the Chair's statement on page 10.

### Going concern

The financial statements have been prepared on a going concern basis.

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration the uncertain economic outlook including:

- the investments and liquid resources held by the Company;
- the fact that the Company has no debt or capital commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets, including its year-end cash balance;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including a fall in the valuation of the investment portfolio or levels of investment income.

## Directors' report *continued*

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore determine the going concern basis to be appropriate.

An explanation of the significant post-balance sheet events are given in the investment realisations section of the Strategic Report and in Note 21 of the financial statements.

### Directors

None of the Directors has a contract of service with the Company and, except as mentioned below under the heading 'Management', no contract or arrangement subsisted during or at the end of the year in which any director was materially interested and which was significant in relation to the Company's business. A list of each director who has served during the year is given on page 39.

### Director diversity

In accordance with UKLRs 6.6.6R(10), 6.6.15 G, 11.4.23R and 11.4.24R, the Company confirms that each of the Directors of the Company was asked to confirm the gender that they identify with and their ethnicity, as of 31 March 2025. The responses have been collated and reflect the following data:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	3	60%	50%	N / A	N / A
Women	2	40%	50%	N / A	N / A
Non-binary	–	–	–	N / A	N / A
All other gender identities	–	–	–	N / A	N / A
Not specified / prefer not to say	–	–	–	N / A	N / A

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority White groups)	4	80%	2	N / A	N / A
Mixed / multiple ethnic groups	–	–	–	N / A	N / A
Asian / Asian British	1	20%	–	N / A	N / A
Black / African / Caribbean / Black British	–	–	–	N / A	N / A
Other ethnic group, including Arab	–	–	–	N / A	N / A
Not specified / prefer not to say	–	–	–	N / A	N / A

In accordance with UKLR 6.6.6R(9) and 11.4.24R, the Company confirms that it has met the following targets:

- At least 40% of the Board are women.
- At least one member of the Board is from a minority ethnic background, excluding those listed as coming from a white ethnic background.
- At least one of the senior Board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) is a woman.

### Directors' and officers' liability insurance

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

### Management

Mercia took over management of the Company's investment affairs on 23 December 2019 after the novation of the pre-existing management agreement between the Company and NVM Private Equity LLP (NVM), who had acted as manager since the Company's inception. The principal terms of the Company's management agreement with Mercia are set out in Note 3 to the financial statements.

The Management Engagement Committee carries out a regular review of the terms of Mercia's appointment with a view to ensuring that Mercia's remuneration is set at an appropriate level, having regard to the nature of the work carried out and general market practice.

As required by the Listing Rules, the Directors confirm that in their opinion the continuing appointment of Mercia as Investment Manager on the terms agreed is in the interests of the Company's shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the efficient and effective service provided by Mercia to the Company.

### Remuneration receivable by the Manager

The remuneration receivable by the Manager by virtue of the management agreement with the Company comprises the following:

#### Remuneration payable by the Company

**Basic management fee:** the Manager is entitled to receive a basic annual management fee equivalent to 2.06% of net assets, calculated half-yearly as at 31 March and 30 September. In consenting to the novation of the management agreement to Mercia in December 2019, it was agreed that the fee due on

the value of liquid assets above the threshold of £20 million would continue to attract a reduced rate of 1% per annum on a permanent basis. In the year ended 31 March 2025 the basic annual management fee was £2,268,000 (2024: £2,060,000).

**Performance-related management fee:** Performance-related management fees are payable on annual performance above the higher of the annual hurdle of 5% of opening NAV per share and the difference between the cumulative total return brought forward to its high water mark (together, the 'Excess Return'). The performance-related management fee is calculated at 14% of the Excess Return and the payment of the performance-related management fee in any one year is capped to 2.25% of the net asset value at the start of the year with the balance being deferred. There was a performance-related management fee due for the year ended 31 March 2025 of £321,000 (2024: nil).

**Accounting and secretarial fee:** the Manager is responsible for providing accounting, administrative and secretarial services to the Company for an annual fee of £79,000 (2024: £76,000), linked to the movement in the CPI.

The total remuneration payable in aggregate to the Manager by the Company in respect of the year, comprising the basic management fee, the performance-related management fee and the accounting and secretarial fee, was £2,668,000 (2024: £2,136,000).

Under current tax legislation the fees paid by the Company to the Manager are not subject to VAT. The total annual running costs of the Company, including the basic management fee and the accounting and secretarial fee but excluding the performance-related management fee, are capped at 2.9% of average net assets and any excess will be refunded to the Company by way of a reduction in the Manager's basic management fee. The annual running costs of the Company for the year ended 31 March 2025 were equivalent to 2.30% of average net assets (2024: 2.27%).

### Remuneration payable by investee companies

Under the management agreement, the Manager is entitled to receive fees from investee companies in respect of the arrangement of investments and the provision of non-executive directors and other advisory services. The Manager is responsible for paying the due diligence and other costs incurred in connection with proposed investments which for whatever reason do not proceed to completion. In the year ended 31 March 2025 the arrangement fees receivable by the Manager from investee companies which were attributable to investments made by the Company amounted to £396,000 (2024: £428,000), and directors' and monitoring fees amounted to £354,000 (2024: £357,000).

### Executive co-investment scheme

Since 2006 the Company has, together with the other VCT funds managed by Mercia, participated in a co-investment scheme with the objective of enabling the Investment Manager to recruit, retain and incentivise its key investment personnel. Under the scheme executives are required to invest personally (and on the same terms as the Company and other VCT funds managed by Mercia) in the ordinary share capital of every unquoted investee company in which the Company invests. Since the novation of the management agreement to Mercia, Mercia has managed a new co-investment scheme. The shares held by executives can only be sold at such time as the VCT funds advised by Mercia sell their shares and any prior ranking loan notes or preference shares held by the funds having been repaid. The executives participating in the scheme jointly subscribe for 5.0% of the non-yielding ordinary shares available to the Northern VCT funds, except in the case of investments where there is no class of yielding securities, in which case the executives jointly subscribe for 1.0% of the non-yielding ordinary shares available to the Northern VCT funds. At 31 March 2025 the Mercia co-investment scheme held investments in 46 investee companies acquired at a total cost of £948,000, of which £321,000 was attributable to investments made by the Company.

## Directors' report *continued*

### Share capital – purchase of shares

During the year the Company purchased for cancellation 7,774,750 of its own shares, representing 3.7% of the called-up share capital of the Company at the beginning of the year, for a total consideration of £4,211,000. Purchases were made in line with the Company's policy of purchasing available shares at a discount to net asset value. At the 2024 annual general meeting, held on 31 July 2024, shareholders authorised the Company to purchase in the market up to 22,605,177 ordinary shares (equivalent to approximately 10% of the issued ordinary share capital of the Company at the date of the notice of the annual general meeting) at a minimum price of 5.0 pence per share and a maximum price per share of not more than 105% of the average market value for the ordinary shares in the Company for the five business days prior to the date on which the ordinary shares were purchased. As at 31 March 2025 this authority remained effective in respect of 16,988,395 shares; the authority will lapse at the conclusion of the 2025 Annual General Meeting of the Company on 6 August 2025. The rights attached to shares are detailed in the Corporate Governance section on page 45.

### Share capital – issue of shares

During the year the Company issued 18,952,036 new ordinary shares for a cash consideration of £10,844,000 (net of DRIS and share offer costs). At the 2024 annual general meeting, held on 31 July 2024, shareholders authorised the Company to generally allot shares up to a maximum nominal value of £2,260,517.75 (being 45,210,355 ordinary shares) as if any rights of pre-emption did not apply to such allotment. As at 31 March 2025 this authority remained effective in respect of 43,634,550 shares; the authority will lapse at the conclusion of the 2025 Annual General Meeting of the Company on 6 August 2025.

### Share capital – rights

The rights attached to shares are detailed in the Corporate Governance section on page 45.

### Fixed assets

Movements in fixed asset investments during the year are set out in Note 8 to the financial statements.

### Financial instruments

The Company's financial instruments comprise its investment portfolio, cash and cash equivalent balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in Note 18 to the financial statements.

### Energy and carbon

The Company consumes under 40MWh of energy per year and is deemed a 'low energy user' for the Streamlined Energy and Carbon Reporting (SECR) UK regulation, see page 34 for more details.

### Events after the balance sheet date

Details of events after the balance sheet date are in Note 21 of the financial statements on page 71.

### Annual General Meeting

Notice of the 2025 Annual General Meeting to be held on 6 August 2025 is set out in a separate circular to shareholders along with explanatory comments on the resolutions.

### Substantial shareholdings

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

### Independent auditor

The Audit & Risk Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. Following the completion of the audit tender process, details on page 43, a resolution to confirm the appointment of Johnston Carmichael LLP as the Company's Auditor will be put to the Annual General Meeting.

By order of the Board

### Mercia Company Secretarial Services Limited

Company Secretary  
17 June 2025



# Directors' remuneration report

This report has been prepared by the Directors in accordance with the requirements of Section 420 of the Companies Act 2006. A resolution to approve the Directors' Remuneration Report will be proposed at the Annual General Meeting on 6 August 2025.

The Company's independent auditor, Forvis Mazars LLP, is required to give its opinion on certain information included in this report, as indicated below. The auditor's report on these and other matters is set out on pages 48 to 52.

## Directors' remuneration policy

The Board currently comprises five directors, all of whom are non-executive. The Board does not have a separate Remuneration Committee as the Company has no employees or executive directors. The Board has established a Nomination Committee, chaired by Mr D P A Gravells and comprising all of the Directors which meets annually (or more frequently if required) to consider the selection and appointment of directors and to make recommendations to the Board as to the level of directors' fees. The Board has not retained external advisers in relation to remuneration matters but has access to information about directors' fees paid by other companies of a similar size and type.

The Board considers that directors' fees should reflect the time commitment required and the high level of responsibility borne by directors, and should be broadly comparable to those paid by similar companies. It is not considered appropriate that either new or existing directors' remuneration should be performance-related, and none of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive directors of the Company.

The articles of association place an overall limit (currently £150,000 per annum) on directors' remuneration. The articles of association provide that directors shall retire and be subject to re-election at the first annual general meeting after their appointment and that any director who was not appointed or re-appointed at one of the preceding two annual general meetings

shall retire and be subject to re-election at each annual general meeting. As a matter of good practice, the Board has adopted the AIC code recommendation that all directors should seek annual re-election. None of the Directors have a service contract with the Company. On being appointed or re-elected, directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. A director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. A director who ceases to hold office is not entitled to receive any payment other than accrued fees (if any) for past services.

An ordinary resolution to approve the Directors' remuneration policy of the Company was approved by shareholders at the annual general meeting of the Company on 28 July 2023 and remains in force for a three-year period.

## Directors' remuneration for the year ended 31 March 2025 (audited information)

The fees paid to individual directors in respect of the years ended 31 March 2025 and 31 March 2024, which represent the entire remuneration payable to directors, are shown in Table 1.

## Directors' share interests (audited information)

The interests of the Directors of the Company (including the interests of their connected persons) in the issued ordinary shares of the Company, at the beginning of the year, at the end of the year and at the date of this report, are shown in Table 2.

All of the Directors' share interests were held beneficially.

The Company has not set out any formal requirements or guidelines to directors concerning their ownership of shares in the Company.

**Table 1: Directors' fees**

	<b>Year ended 31 Mar 2025 £</b>	<b>Year ended 31 Mar 2024 £</b>	<b>2025 change %</b>	<b>2024 change %</b>	<b>2023 change %</b>	<b>2022 change %</b>	<b>2021 change %</b>
D P A Gravells (Chair)	<b>34,000</b>	30,000	<b>13%</b>	–	9%	–	6%
T W Chambers (appointed 19 June 2024)	<b>21,081</b>	–	–	–	–	–	–
S P Devonshire	<b>27,000</b>	24,000	<b>13%</b>	–	9%	–	–
C A McNulty (Senior Independent Director)	<b>29,000</b>	26,000	<b>12%</b>	–	8%	–	10%
F L G Neale (resigned 28 July 2023)	–	8,500	–	–	8%	–	9%
R K Ramparia (Chair of Audit & Risk Committee)	<b>29,000</b>	25,100	<b>16%</b>	5%	–	–	20%
<b>Total</b>	<b>140,081</b>	<b>113,600</b>					

For the purpose of comparison, percentage changes are based on pro rata fees.

## Directors' remuneration report *continued*

**Table 2: Directors' interests in ordinary shares**

	17 June 2025 Number of shares	31 March 2025 Number of shares	31 March 2024 Number of shares
D P A Gravells (Chair)	64,089	64,089	64,089
T W Chambers	46,991	26,187	N/A
S P Devonshire	–	–	–
C A McAnulty	190,581	164,608	161,136
R K Ramparia	33,970	16,638	16,638

### Relative importance of spend on pay

The below table is required to be included in accordance with The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008. It should be noted that the figures below are not directly comparable due to:

- The payment of the final dividend for the prior year within the current financial year; and
- The fundraising which was conducted in the year.

	Year to 31 March 2025 £000	Year to 31 March 2024 £000	Percentage change
Total Directors' fees	140	114	23%
Total expenses	3,264	2,662	23%
Total dividends paid	6,447	6,291	2%
Net asset value	128,078	119,526	7%

### Company performance

The graph opposite compares the total return (assuming re-investment of all dividends) to shareholders in the Company over the five years ended 31 March 2025 with the total return from the FTSE All-Share index over the same period.

### Statement of voting at annual general meeting

At the annual general meeting on 31 July 2024 the resolution to approve the Directors' Remuneration Report for the year ended 31 March 2024 was approved by a show of hands. 91.1% of the proxy votes received in relation to the resolution were either for or discretionary. 5.2% of the proxy vote received voted against the resolution. Communications received from shareholders in relation to the resolution were addressed by the Chair at the annual general meeting. Shareholders' views are always welcomed and considered by the Board.

### Statement by the Chair of the Nomination Committee

In accordance with the Directors' remuneration policy, Directors' fees were reviewed by the Nomination Committee during its meeting on 5 February 2025. The Committee reviewed the directors' roles and responsibilities and compared information

about directors' fees paid by other companies of a similar size and type. It was decided that there should be an increase in the Directors' fees to £35,700 for the Chair, £30,450 for the Chair of the Audit & Risk Committee and the Senior Independent Director and £28,350 for the remaining directors for the year to 31 March 2026. The Directors' fees were last amended in April 2024. By setting the fees at a level which reflects the current requirements of the roles, we aim to ensure that we are able to attract high quality people as we refresh the Board over time.

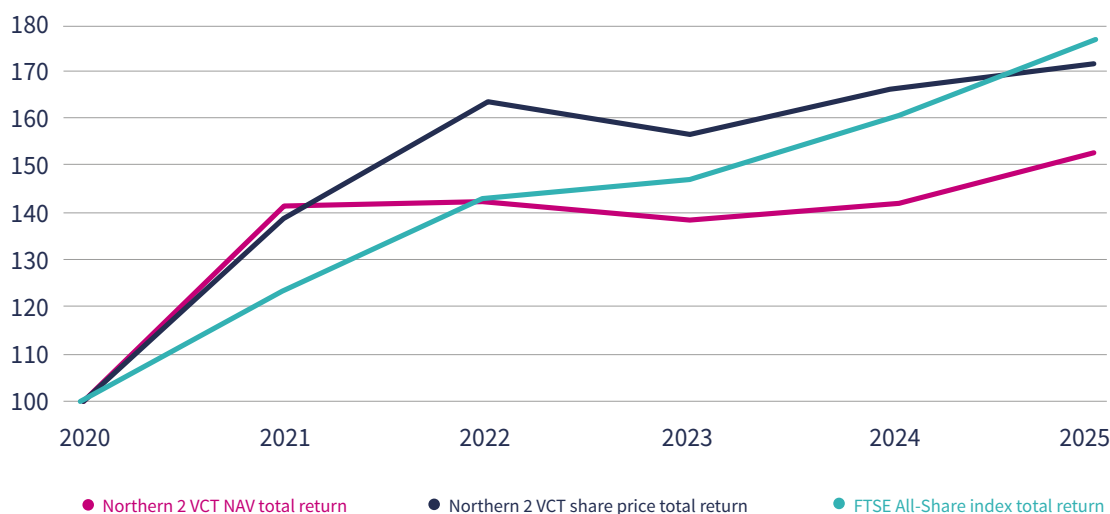
By order of the Board

### D P A Gravells

Chair of the Nomination Committee  
17 June 2025

### Return to shareholders in Northern 2 VCT PLC

Five years to 31 March 2025 (March 2020 = 100)





# Corporate governance

The Board of Northern 2 VCT PLC has considered the Principles and Provisions of the Association of Investment Companies Code of Corporate Governance (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), adapts the UK Code to make the Principles and Provisions relevant for investment companies and sets out additional Provisions on issues that are of specific relevance to investment companies.

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 than reporting against the UK Code. The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)).

The Company is committed to maintaining high standards in corporate governance and during the year ended 31 March 2025 has complied with the Principles and Provisions of the AIC Code, with the exception of provisions 13 and 24, which have not been applied on the occasions and for the reasons detailed below.

## Board of Directors

The Company currently has a board of five non-executive directors, who are considered to be independent of the Company's Investment Manager, Mercia Fund Management Limited (Mercia). The Board meets regularly in person or by conference call five times each year, and on other occasions as required. The Board is responsible to shareholders for the effective stewardship of the Company's affairs and has a formal schedule of matters specifically reserved for its decision which include:

- consideration of long-term strategic issues;
- valuation of the unquoted investment portfolio; and
- ensuring the Company's compliance with good practice in corporate governance matters.

A brief biographical summary of each Director is given on pages 12 and 13.

The Chair, Mr D P A Gravells, 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 Board has established a formal process, led by the Chair, for the annual evaluation of the performance of the Board, its principal committees and individual directors. The Directors are made aware on appointment that their performance will be subject to regular evaluation. During the year ended 31 March 2025, a formal Board performance evaluation was facilitated externally by Frank Neale of IRRfc. Frank Neale is a former director of the Company and retired from the Board on 28 July 2023. IRRfc has not provided any other services to the Company during the year. The annual evaluation revealed that the skills and experience of the Directors continue to align with the Company's needs and meet its objectives of contributing to the Company's long-term success.

The Company Secretary, Mercia Company Secretarial Services Limited, 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, which has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties.

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

The articles of association provide that directors shall retire and be subject to re-election at the first annual general meeting after their appointment and that any director who was not appointed or re-appointed at one of the preceding two annual general meetings shall retire and be subject to re-election at each annual general meeting. However the Board has, as a matter of good practice, adopted the AIC Code recommendation that all directors should seek annual re-election.

## Independence of Directors

The Board regularly reviews the independence of its members and is satisfied that the Company's directors are independent in character and judgement and there are no relationships or circumstances which could affect their objectivity.

Provision 13 of the AIC Code recommends that where a director has served for more than nine years, the Board should state its reasons for believing that the individual remains independent. The Board is of the view that a term of service in excess of nine years is not in itself prejudicial to a director's ability to carry out his/her duties effectively and from an independent perspective; the nature of the Company's business is such that individual directors' experience and continuity of board membership can significantly enhance the effectiveness of the Board as a whole. The AIC Code (provision 24) recommends determining and disclosing a policy on the tenure of the Chair. The Company does not have a set limit on the tenure of the members of the Board and the Chair, however the Board has as a matter of good practice adopted the AIC Code recommendation that all directors should seek annual re-election, and acknowledges that regular refreshment of its membership is desirable.

## Board Committees

The Board has appointed three standing committees to make recommendations to the Board in specific areas. 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 pages 39 and 40.

## Corporate governance *continued*

### Audit & Risk Committee

During the year the Audit & Risk Committee comprised:

Ms R K Ramparia (Chair)  
Mr T W Chambers (appointed on 19 June 2024)  
Mr S P Devonshire  
Mr D P A Gravells  
Miss C A McAnulty

The Audit & Risk Committee's terms of reference include the following roles and responsibilities:

- monitoring 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;
- monitoring and making recommendations to the Board in relation to the valuation of the Company's unquoted investments;
- monitoring 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 auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

The Audit & Risk Committee reviews its terms of reference and its effectiveness annually 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 and on the Company's website. The Audit & Risk Committee ordinarily meets three times per year and has direct access to Forvis Mazars LLP, the Company's external auditor. The Board considers that the members of the Audit & Risk Committee are independent and have collectively the skills and experience required to discharge their duties effectively, and that the chair of the Audit & Risk Committee meets the requirements of the AIC Code as to recent and relevant financial experience.

During the year ended 31 March 2025 the Company did not have an independent internal audit function as it is not deemed necessary given the size of the Company and the nature of the Company's business. However, the Audit & Risk Committee considers annually whether there is a need for such a function and makes a recommendation to the Board.

During the year ended 31 March 2025 the Audit & Risk Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement, remuneration and independence;
- 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 Manager's statement of internal controls operated 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 Manager's compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial statements and half-yearly results statement prior to Board approval, including the proposed fair value of investments;

- reviewing the external auditor's detailed reports to the Audit & Risk Committee on the annual financial statements;
- reviewing the taxation advisers' VCT status monitoring and compliance reports; and
- considering the effectiveness of the external audit process.

The key area of risk that has been identified and considered by the Audit & Risk Committee in relation to the business activities and financial statements of the Company is the valuation and existence of unquoted investments, particularly in light of economic uncertainty caused by inflationary pressures, higher interest rates, global economic slowdown and geopolitical tensions. Another important area of risk that is considered by the Audit & Risk Committee is compliance with HM Revenue & Customs conditions for maintenance of approved venture capital trust status.

These issues were discussed with the Investment Manager and the auditor at the pre-year end audit planning meeting and at the conclusion of the audit of the financial statements.

**Valuation of unquoted investments:** the Investment Manager confirmed to the Audit & Risk Committee that the investment valuations had been carried out consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. The Audit & Risk Committee reviewed the estimates and judgements used in the investment valuations and was satisfied that the final valuations are appropriate.

**Venture capital trust status:** the Investment Manager confirmed to the Audit & Risk Committee that the conditions for maintaining the Company's status as an approved venture capital trust had been complied with throughout the year. The position was also confirmed and reported on by Philip Hare & Associates LLP in its capacity as adviser to the Company on taxation matters and the relevant report was reviewed by the Audit & Risk Committee.

The Investment Manager and auditor confirmed to the Audit & Risk Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and auditor, the Audit & Risk Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Audit & Risk Committee considers that Forvis Mazars LLP has carried out its duties as auditor in a diligent and professional manner.

Following a detailed review of the draft annual report, the Audit & Risk Committee concluded that, taken as a whole, it was considered to be fair, balanced and understandable. The Audit & Risk Committee recommended to the Board that the Directors' responsibilities statement in respect of the annual report and the financial statements, should be signed accordingly.

The Audit & Risk Committee regularly reviews and monitors the auditor's effectiveness and independence. Forvis Mazars LLP has confirmed that it is independent of the Company and has complied with the applicable auditing standards. In accordance with professional guidelines the engagement leader is rotated after at most five years, this is the first year that the current partner has served. As part of its review, the Audit & Risk Committee considers the nature and extent of non-audit services supplied by the auditor, all of which must be approved by the Audit & Risk Committee. There were no non-audit services contracted for during the year.

During the year the Audit & Risk Committee commenced a formal audit tender process, and several firms were invited to tender. The most recent audit tender was conducted in 2020, and the Committee thought it was appropriate to undertake a formal tender process to evaluate and review the provision of the audit services in the market place. During the audit tender process, prospective auditors were evaluated using guidance issued by the Financial Reporting Council and the Board completed a two-stage process which considered and evaluated relevant expertise, audit firm quality, audit firm resilience and value for money.

Following the completion of the audit tender process, the Audit and Risk Committee recommended that Johnston Carmichael LLP be appointed as the Company's new Auditor. Accordingly, resolution 9 in the Notice of the Annual General Meeting proposes the appointment of Johnston Carmichael LLP as the Company's Auditor.

### Nomination Committee

During the year the Nomination Committee comprised:

Mr D P A Gravells (Chair)  
Mr T W Chambers (appointed 19 June 2024)  
Mr S P Devonshire  
Miss C A McNulty  
Ms R K Ramparia

The Nomination Committee considers the selection and appointment of directors and makes annual recommendations to the Board as to the level of directors' fees. The Nomination Committee monitors the balance of skills, knowledge, diversity and experience offered by board members, and satisfies itself that they are able to devote sufficient time to carry out their role efficiently and effectively. When recommending new appointments to the Board the Nomination Committee draws on its members' own networks to identify suitable candidates, and considers the use of formal advertisements and external consultants where appropriate to ensure a fair and comprehensive process. The Nomination Committee recognises the benefits of diversity in the constitution of the Board and it is the Nomination Committee's intention to continue to have an experienced and diverse Board in place. New directors are provided with briefing material relating to the Company, its Investment Manager and the venture capital industry as well as to their own legal responsibilities as directors. The Nomination Committee has written terms of reference which are reviewed annually and are available on request from the Company Secretary and on the Company's website.

As part of continuing succession planning for the Board, the Nomination Committee met during the year to approve the appointment of Thomas Chambers. The Nomination Committee engaged Trust Associates to assist in the candidate search. Trust

Associates has no connection to either the Company or any director. The agency was instructed to identify a diverse mix of candidates with experience and a skill set complementary to the balance of the Board. From an initial shortlist of five women and two men, Thomas Chambers was selected and appointed to the Board, effective from 19 June 2024.

### Management Engagement Committee

During the year the Management Engagement Committee comprised:

Mr D P A Gravells (Chair)  
Mr T W Chambers  
Mr S P Devonshire  
Miss C A McNulty  
Ms R K Ramparia

The Management Engagement Committee undertakes a periodic review of the performance of the Investment Manager, Mercia, and of the terms of the management agreement including the level of fees payable and the length of the notice period. The principal terms of the agreement are set out in Note 3 to the financial statements on page 60.

Following the latest review by the Management Engagement Committee, the Board concluded that the continuing appointment of Mercia was in the interests of the Company and its shareholders as a whole. Mercia has demonstrated its commitment to, and expertise in, venture capital investment since their appointment. Mercia has also performed its company secretarial and accounting duties efficiently and effectively.

### Attendance at Board and Committee meetings

Table 1 sets out the number of substantive Board and Committee meetings held during the year ended 31 March 2025 and the number attended by each director compared with the maximum possible attendance.

## Corporate governance *continued*

**Table 1: Directors' attendance at meetings**

	Board	Audit & Risk Committee	Nomination Committee	Management Engagement Committee
Number of meetings held	5*	3	2	1
Attendance (actual / possible):				
D P A Gravells (Chair)	5 / 5	3 / 3	2 / 2	1 / 1
T W Chambers	4 / 4	2 / 2	1 / 1	1 / 1
S P Devonshire	4 / 5	2 / 3	2 / 2	1 / 1
C A McAnulty	5 / 5	3 / 3	2 / 2	1 / 1
R K Ramparia	5 / 5	3 / 3	2 / 2	1 / 1

\* In addition to the five substantive meetings of the Board held during the year, there were a further six meetings held by conference call.

### Corporate responsibility

The Board aims to ensure that the Company takes a positive approach to corporate responsibility, in relation both to itself and to the companies it invests in. This entails maintaining a responsible attitude to ethical, environmental, governance and social issues, and the encouragement of good practice in investee companies. The Board seeks to avoid investing in companies which do not operate within relevant ethical, environmental and social legislation or otherwise fail to comply with appropriate industry standards.

### Investor relations

In fulfilment of the Chair's obligations under the AIC Code, the Chair gives feedback to the Board on any issues raised with him by shareholders with a view to ensuring that members of the Board develop an understanding of the views of shareholders about their company. The Board recognises the value of maintaining regular communications with shareholders. Formal reports are sent to shareholders at the year-end in accordance with their communication preferences, and an opportunity is given to shareholders at each annual general meeting to question the Board and the Investment Manager on matters relating to the Company's operation and performance. The Manager holds an annual VCT investor seminar to which shareholders are invited. Proxy voting figures for each resolution are announced at general meetings and are made available publicly following the relevant meeting.

Further information can also be obtained via the Company's website.

### Internal control

The Directors have overall responsibility for ensuring that there are in place robust systems of internal control, both financial and non-financial, and for reviewing their effectiveness. The purpose of the internal financial 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 provide only reasonable and not absolute assurance against material misstatement or loss. The Board regularly reviews financial performance and results with the Investment Manager. Responsibility for accounting and secretarial services has been contractually delegated to Mercia under the management agreement. Mercia has established its own system of internal controls in relation to these matters, details of which have been reviewed by the Audit & Risk Committee.

Non-financial internal controls include the systems of operational and compliance controls maintained by the Investment Manager in relation to the Company's business as well as the management of key risks as referred to in the section headed 'Risk management' below.

The Directors confirm that by means of the procedures set out above, and in accordance with 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', published by the Financial Reporting Council, they have established a continuing process for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the internal control systems. This process has been in place throughout, and subsequent to, the accounting period under review.

### Risk management

Risk management is discussed in the Strategic Report on page 21.

## Share capital, rights attaching to the shares and restrictions on voting and transfer

As at 31 March 2025 there were 219,852,830 ordinary shares in issue (as at that date none of the issued shares were held by the Company as treasury shares). 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 profits available for distribution 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 shareholders in a 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 Section 793 of the Companies Act 2006 (notice by 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 the Companies Act 2006.

A member may choose whether their 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 their 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 Sections 974 to 991 of the Companies Act 2006.

## Amendment of articles of association

The Company's articles of association may be amended by the members of the Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution).

## 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 reappointed as director at any general meeting unless they are recommended by the Directors or, not less than seven or 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 annual general meeting of the Company following their appointment. At each annual general meeting of the Company, any director who was not appointed or re-appointed at one of the preceding two annual general meetings shall retire and be subject to re-election. As a matter of good practice, the Board has adopted the AIC Code recommendation that all directors should seek annual re-election.

## Corporate governance *continued*

The Companies Act 2006 allows shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any director before the expiration of their period of office, but without prejudice to any claim for damages which the director may have for breach of any contract of service between them and the Company.

A person also ceases to be a director if they resign in writing, cease to be a director by virtue of any provision of the Companies Act, become prohibited by law from being a director, become 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 they become subject to relevant procedures under the mental health laws, as set out in the Company's articles of association.

### **Powers of the Directors**

The Company's articles of association specify that, subject to the provisions of the Companies Act 2006 and articles of association of the Company and any directions given by shareholders by special resolution, 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, except where the Companies Act 2006 or the articles of association of the Company otherwise require. 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 2024 annual general meeting to make market purchases of up to 22,605,177 ordinary shares at any time up to the 2025 Annual General Meeting and otherwise on the terms set out in the relevant resolution, and authority is being sought at the Annual General Meeting to be held on 6 August 2025 as set out in a separate circular.

By order of the Board

**Mercia Company Secretarial Services Limited**

Secretary  
17 June 2025



# Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for the year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

## Responsibility statement of the Directors in respect of the annual report and financial statements for the year ended 31 March 2025

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider 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.

By order of the Board

## Mercia Company Secretarial Services Limited

Secretary  
17 June 2025

# Independent auditor's report

## Opinion

We have audited the financial statements of Northern 2 VCT PLC (the 'Company') for the year ended 31 March 2025 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of the Company's return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Reviewing the Directors' going concern assessment that includes the analysis of the Company's medium term viability over the three years to 31 March 2028, as well as a 'most likely' (base case) scenario and a 'downside case' scenario, as approved by the Board of Directors on 28 May 2025;
- Making enquiries of the Directors to understand the period of assessment they considered, the assumptions made, the completeness of adjustments made, and the implication of those when assessing the 'base case' scenario and the 'downside case' scenario. This included examining the minimum cash inflow and committed outgoings;
- Assessing the cash flow forecasts for the 'base case' and 'downside case' scenarios, and challenging the Directors' assumptions to evaluate whether their conclusion on the Company's liquidity position under both scenarios was reasonable;
- Considering the consistency of the Directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the Directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.



## Key Audit Matter

### Valuation and existence of the unquoted investments portfolio

(as described on page 42 in the Audit and Risk Committee section of the Corporate Governance Report, and as per the accounting policy set out on page 58 and Note 8 of the financial statements on pages 62 to 63)

Unquoted investments held as of 31 March 2025 were valued at £87.8 million (year ended March 2024: £75.4 million)

### Risk

The Company has a significant portfolio of unquoted investments. These investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent transactions subsequently calibrated, revenue and EBITDA multiples. Within these valuations there are a significant level of judgements made in ascertaining the fair value.

There is therefore a risk that the judgements made under each valuation methodology may lead to a material misstatement of the investment values. Additionally, there is a risk that investments recorded might not exist or might not be owned by the Company.

We therefore identified the valuation and existence of unquoted investments as a key audit matter, as it had a significant effect on our overall audit strategy and our allocation of resources.

## How our scope addressed this matter

Our audit procedures included, but were not limited to:

- Performing a walkthrough of Management's process around investment recording and valuations and evaluating the design and implementation of the relevant controls in place;
- Engaging our internal valuation experts in considering whether the techniques and methodologies applied for valuing unquoted investments are in accordance with published guidance, and specifically the International Private Equity and Venture Capital Valuation Guidelines. Their involvement included the challenge of the assumptions used by Management when deriving the fair value of investments, including the calibration / appropriateness of results based on investment progress and results achieved by investee companies;
- For investments acquired close to the year end and valued using the recent transaction method, we have obtained an understanding of the circumstances surrounding the transaction and whether it is considered to be carried out on an arms' length basis (being therefore a suitable input into the valuation);
- Examining past data comparison points to understand variations in data and valuation model drivers;
- Ascertaining the existence of investment holdings by agreeing the holdings to share certificates and loan certificates, and inspecting the Companies House documentation to verify total share capital of the investees; and
- Assessing the adequacy and appropriateness of disclosures of unquoted investments in accordance with the relevant accounting standards, including the considerations of the potential effect of changing one or more inputs to reasonably possible alternative valuation assumptions, including within the sensitivity disclosures prepared by the Company.

### Our observations

Based on the procedures performed and the audit evidence obtained, we noted no issues with the existence or valuation assertions of unquoted investments as at 31 March 2025. We conclude that the balance is reasonable and performed in accordance with the guidelines stated above.

# Independent auditor’s report *continued*

## Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1,281,000 (year ended March 2024: £1,192,000)
How we determined it	The overall materiality level has been calculated with reference to the Company’s net assets, of which it represents approximately 1% (year ended March 2024: approximately 1% of net assets).
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as they are considered to be the main focus of the shareholders. The significant degree of judgements underpinning the valuation of unquoted investments is the main rationale behind the risk of error we identified in the valuations that could give rise to a material misstatement. 1% has been chosen as it is a generally accepted auditing practice for investment trust audits and the Company is a public interest entity.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.  Based on our risk assessments, together with our assessment of the overall control environment and the consideration of our previous audit experience with the Company, our performance materiality was set at £961,000 (year ended March 2024: £894,000), which is 75% of overall materiality (year ended March 2024: 75% of overall materiality).
Reporting threshold	We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £38,000 (year ended March 2024: £36,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the Directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Company, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

## Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor’s report thereon. The Directors are responsible for the other information. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company’s corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

### Matters on which we are required to report by exception

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

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

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

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

### Corporate Governance Statement

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on pages 35 to 36;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 35;
- Directors' statement on fair, balanced and understandable, set out on page 47;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on pages 21 to 22;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on pages 21 to 22; and
- The section describing the work of the Audit & Risk Committee, set out on page 42.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Data Protection Act 2018 and the UK GDPR, the Bribery Act 2010, anti-money laundering regulations and the regulated nature of the Company's activities.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considering the risk of acts by the Company which were contrary to the applicable laws and regulations, including fraud;

## Independent auditor's report *continued*

- Inquiring of the Directors, Management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including HMRC and FCA;
- Reviewing minutes of Directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Listing Rules, HMRC Investment Trust rules, the UK Corporate Governance Code, the AIC Code of Corporate Governance, the Companies Act 2006 and UK tax legislation. We identified the risk of non-compliance with the provisions of Section 274 of the Income Tax Act 2007, as well as the conditions under the Finance Act 2018 for the maintenance of the VCT approved status, as the principal area of laws and regulations that could have a material impact on the continuance of the Company.

In addition, we evaluated the Directors' and Management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of unquoted investments, revenue recognition (which we pinpointed to accuracy, cut-off and completeness assertions), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and Management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and Management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters which we are required to address

Following the recommendation of the Audit & Risk Committee, we were appointed by the Audit & Risk Committee on 22 December 2020 to audit the financial statements for the year ended 31 March 2021 and subsequent financial years. The period of total uninterrupted engagement is five years, covering the years ended 31 March 2021, 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025.

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

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

### Use of the audit 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.

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules, these financial statements form part of the electronic reporting format prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report has been prepared using the correct electronic reporting format.

### Kamilla Racinska (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

17 June 2025

# Income statement

for the year ended 31 March 2025

	Notes	Year ended 31 March 2025			Year ended 31 March 2024		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
<b>Gain / (loss) on disposal of investments</b>	8	–	<b>3,148</b>	<b>3,148</b>	–	<b>933</b>	<b>933</b>
<b>Unrealised fair value gains / (losses) on investments</b>	8	–	<b>5,338</b>	<b>5,338</b>	–	<b>1,839</b>	<b>1,839</b>
		–	8,486	8,486	–	2,772	2,772
Dividend and interest income	2	3,144	–	3,144	2,738	–	2,738
Investment management fee	3	(567)	(2,022)	(2,589)	(515)	(1,545)	(2,060)
Other expenses	4	(675)	–	(675)	(602)	–	(602)
<b>Return before tax</b>		<b>1,902</b>	<b>6,464</b>	<b>8,366</b>	<b>1,621</b>	<b>1,227</b>	<b>2,848</b>
Tax on return	5	(852)	852	–	73	(73)	–
<b>Return after tax</b>		<b>1,050</b>	<b>7,316</b>	<b>8,366</b>	<b>1,694</b>	<b>1,154</b>	<b>2,848</b>
<b>Return per share</b>	7	<b>0.5p</b>	<b>3.3p</b>	<b>3.8p</b>	<b>0.8p</b>	<b>0.6p</b>	<b>1.4p</b>

- The total column of the income statement is the statement of total comprehensive income of the Company prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The supplemental revenue return and capital return columns have been prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022 by the Association of Investment Companies ('AIC SORP').
- There are no recognised gains or losses other than those disclosed in the income statement.
- All items in the above statement derive from continuing operations.
- No items were recognised in other comprehensive income during the current or prior year.
- The accompanying notes are an integral part of this statement.

# Balance sheet

as at 31 March 2025

	Notes	31 March 2025 £000	31 March 2024 £000
<b>Fixed assets</b>			
Investments	8	<b>87,889</b>	<b>75,779</b>
<b>Current assets</b>			
Debtors	12	2,670	911
Cash and cash equivalents	13	38,062	42,999
		<b>40,732</b>	<b>43,910</b>
<b>Creditors (amounts falling due within one year)</b>	14	<b>(543)</b>	<b>(163)</b>
<b>Net current assets</b>		<b>40,189</b>	<b>43,747</b>
<b>Net assets</b>		<b>128,078</b>	<b>119,526</b>
<b>Capital and reserves</b>			
Called-up equity share capital	15	10,993	10,434
Share premium	16	62,633	52,737
Capital redemption reserve	16	1,468	1,079
Capital reserve	16	47,177	54,973
Revaluation reserve	16	4,939	(853)
Revenue reserve	16	868	1,156
<b>Total equity shareholders' funds</b>		<b>128,078</b>	<b>119,526</b>
<b>Net asset value per share</b>	17	<b>58.3p</b>	<b>57.3p</b>

The accompanying notes are an integral part of this statement.

The financial statements on pages 53 to 71 were approved by the Directors on 17 June 2025 and are signed on their behalf by:

**David Gravells**

Director

# Statement of changes in equity

for the year ended 31 March 2025

	Notes	Non-distributable reserves				Distributable reserves		Total £000
		Called-up share capital £000	Share premium £000	Capital redemption reserve £000	Revaluation reserve* £000	Capital reserve £000	Revenue reserve £000	
<b>At 31 March 2024</b>		<b>10,434</b>	<b>52,737</b>	<b>1,079</b>	<b>(853)</b>	<b>54,973</b>	<b>1,156</b>	<b>119,526</b>
Return after tax		–	–	–	5,792	1,524	1,050	8,366
Dividends paid	6	–	–	–	–	(5,109)	(1,338)	(6,447)
Net proceeds of share issues	16	948	9,896	–	–	–	–	10,844
Shares purchased for cancellation	16	(389)	–	389	–	(4,211)	–	(4,211)
<b>At 31 March 2025</b>		<b>10,993</b>	<b>62,633</b>	<b>1,468</b>	<b>4,939</b>	<b>47,177</b>	<b>868</b>	<b>128,078</b>

for the year ended 31 March 2024

	Notes	Non-distributable reserves				Distributable reserves		Total £000
		Called-up share capital £000	Share premium £000	Capital redemption reserve £000	Revaluation reserve* £000	Capital reserve £000	Revenue reserve £000	
<b>At 31 March 2023</b>		<b>9,282</b>	<b>38,165</b>	<b>849</b>	<b>2,015</b>	<b>59,176</b>	<b>89</b>	<b>109,576</b>
Return after tax		–	–	–	(2,868)	4,022	1,694	2,848
Dividends paid	6	–	–	–	–	(5,664)	(627)	(6,291)
Net proceeds of share issues	16	1,382	14,572	–	–	–	–	15,954
Shares purchased for cancellation	16	(230)	–	230	–	(2,561)	–	(2,561)
<b>At 31 March 2024</b>		<b>10,434</b>	<b>52,737</b>	<b>1,079</b>	<b>(853)</b>	<b>54,973</b>	<b>1,156</b>	<b>119,526</b>

\* The revaluation reserve is generally non-distributable other than that part of the reserve relating to gains or losses on readily realisable quoted investments, which is distributable.

The accompanying notes are an integral part of this statement.

# Statement of cash flows

for the year ended 31 March 2025

	Notes	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Cash flows from operating activities</b>			
Return before tax		<b>8,366</b>	<b>2,848</b>
Adjustments for:			
(Gain) / loss on disposal of investments	8	(3,148)	(933)
Movements in fair value of investments	8	(5,338)	(1,839)
(Increase) / decrease in debtors	12	38	(85)
Increase / (decrease) in creditors	14	380	(11)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>298</b>	<b>(20)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments	8	(14,605)	(15,569)
Proceeds on disposal of investments	8, 12	9,184	22,168
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(5,421)</b>	<b>6,599</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares		11,309	16,507
Share issue expenses	16	(465)	(553)
Purchase of ordinary shares for cancellation	16	(4,211)	(2,561)
Equity dividends paid	6	(6,447)	(6,291)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>186</b>	<b>7,102</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>(4,937)</b>	<b>13,681</b>
Cash and cash equivalents at beginning of year		42,999	29,318
<b>Cash and cash equivalents at end of year</b>		<b>38,062</b>	<b>42,999</b>



# Notes to the financial statements

## 1. Accounting policies

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

### (a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (“FRS 102”), with the Companies Act 2006 and the 2014 Statement of Recommended Practice, ‘Financial Statements of Investment Trust Companies and Venture Capital Trusts’ (“the SORP”) (updated in July 2022) issued by the Association of Investment Companies (“AIC”).

The financial statements are prepared in sterling which is the functional and presentational currency of the Company and rounded to the nearest £000.

The financial statements have been prepared on a going concern basis under the historical cost convention except investments which are stated at their fair value.

The Directors performed an assessment of the Company’s ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration the uncertain economic outlook including:

- the investments and liquid resources held by the Company;
- the fact that the Company has no debt or capital commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets, including its year-end cash balance;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including a fall in the valuation of the investment portfolio or levels of investment income.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore determine the going concern basis to be appropriate.

### (b) Significant estimates and judgements

Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the financial statements. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. A price sensitivity analysis is provided in the other price risk sensitivity section of Note 18 on page 68.

The key estimate in the financial statements is the determination of the fair value of the unlisted investments by the Directors as it significantly impacts the valuation of the unlisted investments at the balance sheet date. The fair valuation process involves estimates using inputs that are unobservable. The fair value of the unlisted investments at the balance sheet date was £87,829,000.

The key judgement in the valuation of the unquoted investments process is the Directors’ determination of the appropriate application of the International Private Equity and Venture Capital (“IPEV”) guidelines to each unlisted investment. The judgement applied in the selection of the methodology used for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

## Notes to the financial statements *continued*

### (c) Valuation of investments

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

As permitted by FRS 102 chapters 11 and 12, the Company's investments are recorded at fair value at the point of acquisition and are measured at subsequent reporting dates at fair value, with any changes being recognised in profit or loss. The fair value of the investments held at 31 March 2025 is £87,889,000 (31 March 2024: £75,779,000). In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending on the convention of the exchange on which the investment is quoted. In the case of unquoted investments, fair value is established in accordance with IPEV guidelines by using measurements of value such as calibrating to the price of recent investment and earnings or revenue multiples; where no reliable fair value can be estimated using such techniques, unquoted investments are carried at cost subject to provision for impairment where necessary. This process is used for both the valuation of unquoted equity and debt investments. In the case of debt investments, debt, including both principal and any accrued interest is valued with reference to their recoverability upon eventual sale of the Company's investment. The key assumption when using the price of a recent investment as an input to the valuation is that the price obtained remains a reasonable proxy for fair value for a period of time such that an enterprise value can be inferred and subsequently recalibrated where necessary to take account of changes to either the prevailing market conditions or performance of the investee. The price of a recent investment is not a default position for establishing fair value as at the measurement date and when this technique is employed, the resultant valuations are cross-checked for reasonableness by employing an alternative valuation technique. The key assumptions for the multiples approach are the selection of the most appropriate earnings or revenue measure (historic or forecast) and the selection of the multiple itself which may be influenced by the multiples achieved by a range of comparable companies in either private or public transactions.

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 revaluation reserve. Transaction costs attributable to the acquisition or disposal of investments are charged to capital return within the income statement.

### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits, including short-term highly liquid investments and money market funds readily convertible to known amounts of cash.

### (e) Income

Dividends receivable on quoted equity shares are recognised on the ex-dividend date. Dividends receivable on unquoted equity shares are recognised when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed income returns on non-equity shares and debt securities are recognised on an effective interest rate basis, provided there is no reasonable doubt that payment will be received in due course.

### (f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to revenue return within the income statement except that:

- expenses which are incidental to the acquisition or disposal of an investment are allocated to capital return as incurred; and
- expenses are split and allocated partly to capital return where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the basic element of the investment management fee has been allocated 25% to revenue return and 75% to capital return, in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company. The performance-related element of the investment management fee is charged 100% to capital return.

### (g) Revenue and capital

The revenue column of the income statement includes all income and revenue expenses of the Company. The capital column includes realised and unrealised gains and losses on investments and that part of the investment management fee which is allocated to capital return.

### (h) Taxation

UK corporation tax payable is provided on taxable profits at the current rate. The tax charge for the year is allocated between revenue return and capital return on the 'marginal basis' as recommended in the SORP. Provision is made for deferred taxation on all timing differences calculated at the current rate of tax relevant to the benefit or liability.

### (i) Dividends payable

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established.

#### (j) Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. No provision is established where a reliable estimate of the obligation cannot be made. Provisions are allocated to revenue or capital depending on the nature of the circumstances.

#### (k) Share capital account

The share capital account represents the nominal value of all shares issued by the Company.

#### (l) Share premium account

The share premium account represents the value paid by shareholders for shares above the nominal value.

#### (m) Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

#### (n) Revaluation reserve

Changes in the fair value of investments are dealt with in this reserve.

#### (o) Capital reserve

The following are accounted for in the capital reserve: gains or losses on the realisation of investments; the cost of repurchasing ordinary shares, including stamp duty and transaction costs; and other capital charges and credits charged to this account in accordance with the above policies.

#### (p) Revenue reserve

The revenue reserve comprises the retained earnings of a business from profits made in the current and prior periods.

#### (q) Segmental reporting

The Company has a single operating segment carrying out the investment activity of the Company. All venture investments are based in the UK. All income from operating segments is disclosed in Note 2.

## 2. Income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Dividends from unquoted companies	–	323
Dividends from quoted companies	–	72
Money market funds*	1,783	1,499
Bank deposits*	347	445
Loans to unquoted companies	1,014	382
Listed interest-bearing investments	–	17
	<b>3,144</b>	<b>2,738</b>

\* Denotes income arising from investments not designated as fair value through profit or loss.

## Notes to the financial statements *continued*

### 3. Investment management fee

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Basic investment management fee	567	1,701	2,268	515	1,545	2,060
Performance-related fee	–	321	321	–	–	–
	<b>567</b>	<b>2,022</b>	<b>2,589</b>	<b>515</b>	<b>1,545</b>	<b>2,060</b>

Mercia Fund Management Limited (Mercia) provides investment management, secretarial and administrative services to the Company under an agreement dated 20 December 1999, which may be terminated at any time by not less than 12 months' notice being given by either party.

The Manager receives a basic management fee, payable quarterly in advance, at the rate of 2.06% per annum of net assets calculated half-yearly as at 31 March and 30 September. The fee due on the value of liquid assets above the threshold of £20 million attracts a reduced rate of 1% per annum. The Manager also provides administrative and secretarial services to the Company for a fee of £79,000 per annum (linked to the movement in the CPI). This fee is included in other expenses (see Note 4).

The Manager is entitled to receive an annual performance-related management fee. The fee is calculated on annual performance above the higher of the annual hurdle of 5% of opening NAV per share and the difference between the cumulative total return brought forward to its high water mark (together, the 'Excess Return'). The performance-related management fee is calculated at 14% of the Excess Return and the payment of the performance-related management fee in any one year is capped to 2.25% of the net asset value at the start of the year with the balance being deferred. The performance-related management fee due in respect of the year ended 31 March 2025 was £321,000 (2024: £nil).

The total running costs of the Company, excluding performance-related management fees and any irrecoverable VAT thereon, are capped at 2.9% of its net assets and Mercia has agreed that any excess will be refunded by way of a reduction in its fees.

### 4. Other expenses

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Administrative and secretarial services	79	76
Directors' remuneration	140	114
National Insurance contributions	15	16
Auditor's remuneration – audit services	76	63
– non-audit services	–	–
Legal and professional expenses	106	59
Share issue promoter's commission	33	40
Other expenses	226	234
	<b>675</b>	<b>602</b>

Information on Directors' remuneration is given in the Directors' Remuneration Report on pages 39 and 40.

Other expenses consists of registrar's fees, broker's fees, directors' insurance, printing costs and sundry expenses.

## 5. Tax on return for the year

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
<b>(a) Analysis of charge / (credit) for the year</b>						
UK corporation tax payable / (recoverable) on the return for the year	852	(852)	–	(73)	73	–
<b>(b) Tax reconciliation</b>						
Return before tax	1,902	6,464	8,366	1,621	1,227	2,848
Return multiplied by the standard rate of UK corporation tax of 25.0% (2024: 25.0%)	476	1,616	2,092	405	307	712
Effect of:						
Dividends not subject to tax	–	–	–	(478)	–	(478)
Capital returns not subject to tax	–	(787)	(787)	–	(233)	(233)
Movements in fair value of investments not subject to tax	–	(1,335)	(1,335)	–	(460)	(460)
Increase in surplus management expenses	–	30	30	–	459	459
Adjustment in respect of previous year	376	(376)	–	–	–	–
<b>Tax (credit) / charge for the year</b>	<b>852</b>	<b>(852)</b>	<b>–</b>	<b>(73)</b>	<b>73</b>	<b>–</b>

The tax charge for the year includes an adjustment of £376,000 relating to the prior year's corporation tax estimate. This arose following final submission of the tax return for the year ended 31 March 2024, which reclassified income derived from the money market funds as a revenue income item.

### (c) Factors which may affect future tax charges

The Company has not recognised a deferred tax asset in respect of surplus management expenses carried forward of £8,567,000 (31 March 2024 restated: £8,446,000), as the Company may not generate sufficient taxable income in the foreseeable future to utilise these expenses. There is no other unprovided deferred taxation.

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

# Notes to the financial statements *continued*

## 6. Dividends

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
<b>(a) Recognised as distributions in the financial statements for the year</b>						
Previous year's final dividend	896	1,791	2,687	–	2,531	2,531
Current year's interim dividend	442	3,318	3,760	627	3,133	3,760
	<b>1,338</b>	<b>5,109</b>	<b>6,447</b>	<b>627</b>	<b>5,664</b>	<b>6,291</b>
<b>(b) Paid and proposed in respect of the year</b>						
Interim paid – 1.7p (2024: 1.8p) per share	442	3,318	3,760	627	3,133	3,760
Final proposed – 1.3p (2024: 1.2p) per share	660	2,198	2,858	835	1,669	2,504
	<b>1,102</b>	<b>5,516</b>	<b>6,618</b>	<b>1,462</b>	<b>4,802</b>	<b>6,264</b>

The revenue dividends paid and proposed in respect of the year form the basis for determining whether the Company has complied with the requirements of Section 274 of the Income Tax Act 2007 as to the distribution of investment income.

## 7. Return per share

The calculation of the return per share is based on the profit after tax for the year of £8,366,000 (2024: £2,848,000) and on 223,219,247 (2024: 199,198,196) shares, being the weighted average number of shares in issue during the year.

## 8. Investments

All investments are accounted for as fair value through profit or loss on initial recognition, therefore all gains and losses arising on these investments are reflected through the profit or loss.

FRS 102, including subsequent amendments, requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1 – unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – inputs that are unobservable (ie for which market data is unavailable) for the asset or liability.

	31 March 2025 £000	31 March 2024 £000
<b>Level 1</b>		
Quoted venture capital investments	60	358
<b>Level 3</b>		
Unquoted venture capital investments	87,829	75,421
	<b>87,889</b>	<b>75,779</b>



Movements in investments during the year are summarised as follows:

	Venture capital – unquoted Level 3 £000	Venture capital – quoted Level 1 £000	Total £000
Book cost at 31 March 2024	76,191	441	76,632
Fair value adjustment at 31 March 2024	(770)	(83)	(853)
Fair value at 31 March 2024	75,421	358	75,779
Movements in the year:			
Purchases at cost	14,605	–	14,605
Disposals – proceeds	(10,605)	(376)	(10,981)
– net realised gains / (losses) on disposal	3,054	94	3,148
Movements in fair value	5,354	(16)	5,338
<b>Fair value at 31 March 2025</b>	<b>87,829</b>	<b>60</b>	<b>87,889</b>
Comprising:			
Book cost at 31 March 2025	82,732	218	82,950
Fair value adjustment at 31 March 2025	5,097	(158)	4,939
	<b>87,829</b>	<b>60</b>	<b>87,889</b>
Equity shares	69,357	60	69,417
Preference shares	8,164	–	8,164
Interest-bearing securities	10,308	–	10,308
	<b>87,829</b>	<b>60</b>	<b>87,889</b>

The gains and losses included in the above table have all been recognised in the income statement on page 53. The listed equity category in the table above comprises quoted investment funds which hold listed equity securities. The listed interest-bearing category in the table above comprises quoted investment funds which hold listed interest-bearing securities.

FRS 102 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of each investee company. See Note 18 for details of the impact of sensitivity analysis on the financial statements.

Details of movements in the venture investment portfolio during the year is provided in the investment portfolio section on page 25.

At 31 March 2025 there were no commitments (31 March 2024: nil) in respect of investments approved by the Manager but not yet completed.

## Notes to the financial statements *continued*

### 9. Investment disposals

Disposals of venture investments during the year were as follows:

	Original cost £000	Carrying value at 31 March 2024 £000	Disposal proceeds £000	Realised gain against carrying value £000
Gentronix – disposal of entire holding	1,164	3,689	5,181	1,492
Grip-UK (t/a The Climbing Hangar) – disposal of entire holding	3,536	2,372	2,525	153
Intuitive Holding – disposal of entire holding	1,508	669	1,823	1,154
Pure Pet Food – partial disposal	133	331	522	191
Buoyant Upholstery – partial disposal	452	452	452	–
musicMagpie – disposal of entire holding	222	282	376	94
Mojo Mortgages – deferred proceeds	–	–	53	53
Fresh Approach (UK) Holdings – partial disposal	38	38	38	–
Evotix – deferred proceeds	–	–	9	9
Axial Systems Holdings – deferred proceeds	–	–	2	2
Nutshell – in liquidation	675	–	–	–
Ablatus Therapeutics – in liquidation	559	–	–	–
	<b>8,287</b>	<b>7,833</b>	<b>10,981</b>	<b>3,148</b>

The cost of the venture investments disposed of in the preceding financial year was £8,466,000, for disposal proceeds totalling £13,375,000.

### 10. Unquoted investments

The cost and carrying value of material investments in unquoted companies held at 31 March 2025 are shown in the table on page 25.

## 11. Significant interests

At 31 March 2025 the Company held significant investments, amounting to 20% or more of the equity capital of an undertaking, in the following companies:

Company	Registered office address	Investment type	Equity £000	Debt £000	Total investment cost £000
Biological Preparations Group	Unit 12 A-C Pantglas Industrial Estate, Bedwas, Caerphilly CF83 8DR	Unquoted	561	1,605	2,166
Volumatic Holdings	Taurus House, Endemere Road, Coventry CV6 5PY	Unquoted	216	–	216

During the year Northern 2 VCT PLC received no income from these significant investments.

## 12. Debtors

	31 March 2025 £000	31 March 2024 £000
Accrued income	131	171
Due from investment sales	2,505	708
Prepayments	34	32
	<b>2,670</b>	<b>911</b>

## 13. Cash and cash equivalents

	31 March 2025 £000	31 March 2024 £000
Cash at bank	7,062	8,999
Money market funds	31,000	34,000
	<b>38,062</b>	<b>42,999</b>

The money market funds are amounts invested in the BlackRock ICS Sterling Liquidity Fund, which is a AAA rated fund.

Income derived from cash and cash equivalents is set out in note 2.

## 14. Creditors (amounts falling due within one year)

	31 March 2025 £000	31 March 2024 £000
Accruals and deferred income	543	163
	<b>543</b>	<b>163</b>

## Notes to the financial statements *continued*

### 15. Called-up equity share capital

	31 March 2025 £000	31 March 2024 £000
Allotted and fully paid:		
219,852,830 (2024: 208,675,544) ordinary shares of 5.0p	<b>10,993</b>	<b>10,434</b>

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 16. The Company is not subject to externally imposed capital requirements.

During the year the Company issued 18,952,036 ordinary shares of 5.0p for cash at an average premium of 52.3p per share. 7,774,750 ordinary shares were re-purchased for cancellation during the year at a cost of £4,211,000.

### 16. Reserves

	Share premium £000	Capital redemption reserve £000	Capital reserve £000	Revaluation reserve £000	Revenue reserve £000
<b>At 31 March 2024</b>	<b>52,737</b>	<b>1,079</b>	<b>54,973</b>	<b>(853)</b>	<b>1,156</b>
Premium on issue of ordinary shares	10,361	–	–	–	–
Share issue expenses	(465)	–	–	–	–
Shares purchased for cancellation	–	389	(4,211)	–	–
Realised on disposal of investments	–	–	3,148	–	–
Transfer on disposal of investments	–	–	(454)	454	–
Movements in fair value of investments	–	–	–	5,338	–
Management fee charged to capital net of associated tax	–	–	(1,170)	–	–
Revenue return after tax	–	–	–	–	1,050
Dividends recognised in the year	–	–	(5,109)	–	(1,338)
<b>At 31 March 2025</b>	<b>62,633</b>	<b>1,468</b>	<b>47,177</b>	<b>4,939</b>	<b>868</b>

At 31 March 2025 distributable reserves amounted to £47,887,000 (2024: £56,129,000), comprising the capital reserve, the revenue reserve and that part of the revaluation reserve relating to holding gains or losses on readily realisable equity investments.

## 17. Net asset value per share

The calculation of net asset value per share as at 31 March 2025 is based on net assets of £128,078,000 (2024: £119,526,000) divided by the 219,852,830 (2024: 208,675,544) ordinary shares in issue at that date.

## 18. Financial instruments

The Company's financial instruments comprise equity and interest-bearing investments, cash at bank, investments in money market funds and liquid resources 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 and AIM-quoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Fixed asset investments (see Note 8) are valued at fair value. For quoted investments this is either bid price or the latest traded price, depending on the convention of the exchange on which the investment is quoted. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet, due to the short term nature of these instruments.

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

### Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined in the Strategic Report on page 16. 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 Corporate Governance Statement on pages 41 to 46, 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 the Company's assets is monitored by the Board on a quarterly basis.

Details of the Company's investment portfolio at the balance sheet date are set out on page 25. An analysis of investments between debt and equity instruments is given in Note 8.

0.05% (2024: 0.3%) by value of the Company's net assets comprises equity securities listed on regulated stock exchanges. A 5% increase in the bid price of these securities as at 31 March 2025 would have increased net assets and the total return for the year by £3,000 (31 March 2024: £18,000); a corresponding fall would have reduced net assets and the total return for the year by the same amount.

## Notes to the financial statements *continued*

### Other price risk sensitivity

68.6% (2024: 63.1%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve subjectivity in the selection of the key inputs, as described in the valuation policy on page 58. Although the Directors believe that the estimates of fair value are appropriate, the use of different methodologies or assumptions regarding the inputs could lead to different measurements of fair value. Each portfolio company has been categorised as being subject to potentially higher or lower estimation uncertainty by considering a range of factors including the potential disruption to business activities and the availability and extent of cash resources. A greater sensitivity factor has been applied to those investments assessed as being susceptible to higher estimation uncertainty. Whilst the sensitivities applied illustrate the impact of varying the key inputs by the levels specified, it is possible that applying reasonable alternative assumptions to individual investments could lead to measurements of fair value which vary to a greater extent than that illustrated.

As at 31 March 2025 Valuation basis	Fair value of unquoted investments £000	Variable input sensitivity	Impact: increase*		Impact: decrease*	
			£000*	% of net assets	£000*	% of net assets
Earnings / revenue multiple						
Higher sensitivity	29,448	+/- 20%	4,509	3.5%	4,532	3.5%
Lower sensitivity	33,400	+/- 10%	2,219	1.7%	1,797	1.4%
Price of a recent investment subsequently calibrated as appropriate						
Higher sensitivity	8,263	+/- 20%	698	0.5%	207	0.2%
Lower sensitivity	16,718	+/- 10%	1,323	1.0%	559	0.4%
<b>Total unquoted investments</b>	<b>87,829</b>		<b>8,749</b>	<b>6.7%</b>	<b>7,095</b>	<b>5.5%</b>
<b>As at 31 March 2024</b>						
<b>Valuation basis</b>						
Earnings / revenue multiple						
Higher sensitivity	21,064	+ / - 20%	3,774	3.2%	3,431	2.9%
Lower sensitivity	25,058	+ / - 10%	1,841	1.5%	1,958	1.6%
Price of a recent investment subsequently calibrated as appropriate						
Higher sensitivity	13,633	+ / - 20%	1,534	1.3%	638	0.5%
Lower sensitivity	15,666	+ / - 10%	691	0.6%	635	0.5%
<b>Total unquoted investments</b>	<b>75,421</b>		<b>7,840</b>	<b>6.6%</b>	<b>6,662</b>	<b>5.5%</b>

\* Impact on net assets and net return after taxation.



## Interest rate risk

Some of the Company's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

### (a) Fixed rate investments

The table below summarises weighted average effective interest rates for the Company's fixed rate interest-bearing financial instruments:

	31 March 2025			31 March 2024		
	Total fixed rate portfolio £000	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Total fixed rate portfolio £000	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Fixed rate investments in unquoted companies	10,308	10.4%	1.8	8,928	10.4%	1.4

Although the Company holds investments in loan stocks that pay interest, the Board does not consider it appropriate to assess the impact of interest rate changes in isolation upon the value of the unquoted investment portfolio, as interest rate changes are only one factor affecting the market price movements that are discussed above under market price risk.

### (b) Floating rate investments

The Company's floating rate investments comprise floating-rate loans to unquoted companies and cash and cash equivalents. The benchmark rate which determines the rate of interest receivable is the UK bank base rate for cash and cash equivalents, which was 4.50% at 31 March 2025 (31 March 2024: 5.25%). It is considered that an increase or decrease of 100 basis points in interest rates as at the reporting date would not have a significant effect on the Company's net assets or total return for the year. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 March 2025 £000	31 March 2024 £000
Floating rate loans to unquoted companies	–	903
Cash and cash equivalents	38,062	42,999
	<b>38,062</b>	<b>43,902</b>

## Notes to the financial statements *continued*

### 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 Investment 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 March 2025 the Company's financial assets exposed to credit risk comprised the following:

	31 March 2025 £000	31 March 2024 £000
Fixed-rate investments in unquoted companies	10,575	8,928
Floating rate loans to unquoted companies	–	903
Cash and cash equivalents	38,062	42,999
Accrued dividends and interest receivable	131	171
	<b>48,768</b>	<b>53,001</b>

Credit risk relating to loans and preference shares in unquoted companies is considered to be part of market risk. The balances included within unquoted loan investments related to loans which were past due as at 31 March 2025 is nil (31 March 2024: nil). The exposure to credit risk on accrued income is mitigated by performing loan affordability evaluations on investee companies as part of the investment due diligence process.

Those assets of the Company which are traded on recognised stock exchanges and quoted investment funds are held on the Company's behalf by a third party custodian, a nominee company of Brewin Dolphin Limited. Bankruptcy or insolvency of a custodian could cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

Credit risk arising on transactions with brokers relates to transactions in quoted securities awaiting settlement. Risk relating to unsettled transactions is considered to be low due to the short settlement period involved and the high credit quality of the brokers used. The Board further mitigates the risk by monitoring the quality of service provided by the brokers.

The Company's cash and cash equivalents are maintained with major banks of high creditworthiness or highly rated low volatility money market funds (see note 13 for further detail).

There were no significant concentrations of credit risk to counterparties at 31 March 2025 or 31 March 2024.

### 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 a deterioration in the creditworthiness of any particular issuer.

The Company's cash and cash equivalents are considered to be readily realisable as they are of high credit quality as outlined above.

The Company's liquidity risk is managed on a continuing basis by the Investment 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 cash and cash equivalents to pay accounts payable and accrued expenses. At 31 March 2025 these investments were valued at £38,062,000 (31 March 2024: £42,999,000).

## 19. Contingencies

At 31 March 2025 contingent assets not recognised in the financial statements in respect of potential deferred proceeds from the sale of investee companies amounted to approximately £832,000 (31 March 2024: £704,000). The extent to which these amounts will become receivable in due course is dependent on future events.

The Company had no contingent liabilities at 31 March 2025 or 31 March 2024.

## 20. Related party transactions

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on pages 39 and 40.

There were no amounts outstanding and due to the Directors as at 31 March 2025 (31 March 2024: nil).

Transactions with the Manager are disclosed in Note 3.

## 21. Post balance sheet events

After the year end, on 3 April 2025, the Company issued 25,531,778 ordinary shares for a net consideration of £14,528,000, as a result of a prospectus share offer launched during the year ended 31 March 2025.

On 4 April 2025, the Company invested £417,000 in existing portfolio company Axis Spine Technologies, by way of a follow-on funding round.

On 17 April 2025, the Company invested £321,000 in existing portfolio company Broker Insights, by way of a follow-on funding round.

On 24 April 2025, the Company sold part of its investment in Project Glow Topco (t/a The Beauty Tech Group) for proceeds of £309,000.

On 6 May 2025, the Company invested £668,000 in existing portfolio company Warwick Acoustics, by way of a follow-on funding round.

On 7 May 2025, the Company invested £193,000 in existing portfolio company Synthesized, by way of a follow-on funding round.

On 13 June 2025, the Company invested £240,000 in existing portfolio company Newcells Biotech, by way of a follow-on round.

# Glossary of terms

## Alternative performance measure or APM

APMs are not prescribed by accounting standards but are industry specific performance measures which help users of the annual accounts and financial statements to better interpret and understand performance. Some of the terms in this glossary have been identified as APMs.

## Annualised tax-free dividend yield (APM)

The sum of dividends proposed or paid in respect of the last 12 months as at a given date expressed as a percentage of the net asset value per share at the start of the period. We use this measure as it shows the dividend income receivable by shareholders over a 12 month period expressed as a theoretical yield based on acquiring a single share at the NAV per share at the start of the period. The dividend yield as at 31 March 2025 is calculated by dividing the dividend per share paid or proposed over the preceding 12 months of 3.0 pence (2024: 3.0 pence) by the NAV per share at the start of the period of 57.3 pence (2024: 59.0 pence) giving a result of 5.2% (2024: 5.1%).

## Cumulative return per share (APM)

The sum of the published NAV per share plus cumulative dividends paid per share since the Company was launched. We use this measure as it enables comparisons to be made between different VCTs over the whole life of each fund. The cumulative return per share for the Company as at 31 March 2025 comprises the NAV per share of 58.3 pence (2024: 57.3 pence) plus the cumulative dividends paid of 142.0 pence (2024: 139.1 pence) giving a result of 200.3 pence per share (2024: 196.4 pence per share).

## Cumulative dividends paid per share

The total amount of shareholder dividend distributions paid since the Company was launched.

## Distributable reserves

The sum of the capital reserve, revenue reserve and that part of the revaluation reserve which is related to readily realisable investments.

## Ex-dividend date

The date immediately preceding the record date for a given dividend. Shareholders who acquire their shares on or after the ex-dividend date will not be eligible to receive the relevant dividend.

## Gain / loss on disposal of investments

The profit or loss on the sale of an investment during the year calculated by reference to the proceeds received on sale of the investment less the valuation of the investment at the last annual report date.

## NAV total return (APM)

The theoretical return to a shareholder over a given period based on acquiring shares at the start of the period at the latest published NAV per share then utilising the proceeds of each dividend paid during the period to acquire further shares at the latest published NAV per share as at each ex-dividend date. We use this measure as it enables comparisons to be drawn against an investment index in order to benchmark performance. The result is plotted on page 40 and the calculation follows the method prescribed by the Association of Investment Companies. Due to rounded pence per share values, the NAV total return (%) presented below is marginally lower than the calculation using the presented inputs would indicate.

	31 March 2025	31 March 2024	Calculation
Closing NAV per share (p)	58.3p	57.3p	a
Dividends paid out (p)	2.9p	3.1p	b
<b>Adjusted NAV per share (p)</b>	<b>61.2p</b>	<b>60.4p</b>	c = a + b
Opening NAV per share (p)	57.3p	59.0p	d
<b>NAV total return (%)</b>	<b>6.6%</b>	<b>2.4%</b>	= (c / d) – 1

### Net asset value or NAV

The amount by which total assets of the Company exceed its total liabilities. It is equal to the total equity shareholders' funds.

### Net asset value per share or NAV per share

Net asset value divided by the number of ordinary shares.

### Ongoing charges excluding performance-related management fees (APM)

The total of investment management fees and other expenses as shown in the income statement, as a percentage of the average net asset value. This measure is disclosed to provide information to shareholders, in line with industry best practice.

	31 March 2025	31 March 2024
Investment management fee	2,268	2,060
Other expenses	675	602
<b>Total expenses (a)</b>	<b>2,943</b>	<b>2,662</b>
Annualised average net assets (b)	127,796	117,071
Ongoing charges (a) / (b) (expressed as a percentage)	<b>2.30%</b>	<b>2.27%</b>

Including performance fees of £321,000 (2024: £nil) on the above basis ongoing charges would be 2.55% (2024: 2.27%).

### Record date

The cut-off date on which a shareholder needs to be beneficially entitled to a share on the share register of the Company in order to qualify for a forthcoming dividend.

### Share price total return (APM)

The theoretical return to a shareholder over a given period based on acquiring shares at the start of the period at the prevailing mid-market share price then utilising the proceeds of each dividend paid during the period to acquire further shares at the share price as at each ex-dividend date. We use this measure as it enables comparisons to be drawn against an investment index in order to benchmark performance. The result is plotted on page 40 and the calculation follows the method prescribed by the Association of Investment Companies.

	31 March 2025	31 March 2024	Calculation
Closing price per share (p)	53.5p	54.5p	a
Dividends paid out (p)	2.9p	3.1p	b
Adjusted price per share (p)	<b>56.4p</b>	<b>57.6p</b>	c = a + b
Opening price per share (p)	54.5p	54.5p	d
Share price total return %	<b>3.5%</b>	<b>5.7%</b>	= (c / d) – 1

### Total return for the year

The total income, gain or loss on disposal of investments and movements in the fair value of investments less ongoing charges for the period, as shown in the income statement.





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**Northern 2 VCT PLC**

Forward House

17 High Street

Henley-in-Arden

B95 5AA

**[www.mercia.co.uk/vcts/n2vct/](http://www.mercia.co.uk/vcts/n2vct/)**