Octopus Apollo VCT plc

Annual Report and Accounts for the year ended 31 January 2019

Company number: 05840377

For UK investors only

octopus investments

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

Contents

Financial Summary

	Year to 31 January 2019	Year to 31 January 2018
Net assets (£'000)	**119,024**	130,377
(Loss)/profit after tax (£'000)	**(1,183)**	3,699
Net asset value ("NAV") per share (p)	**47.1**	50.6
Cumulative dividends paid since launch (p)	**71.1**	68.0
NAV per share plus cumulative dividends paid (p)	**118.2**	118.6
Total return %*	**(0.8)**	2.2
Ordinary dividends per share paid in the year (p)	**3.1**	3.3
Special dividends paid in the year	**–**	10.7
Proposed final dividend (p)**	**1.5**	1.6

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

**The final proposed dividend of 1.5p per Ordinary share for the year ended 31 January 2019 will, subject to shareholder approval at the Annual General Meeting, be paid on 9 August 2019 to all Ordinary shareholders on the register on 19 July 2019.

Dividend History

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

Year Ended	NAV	Dividends paid in year	Cumulative dividends	NAV + cumulative dividends
31 January 2015	84.8p	5.0p	27.5p	112.3p
31 January 2016	82.3p	5.0p	32.5p	114.8p
31 January 2017	63.2p	21.5p	54.0p	117.2p
31 January 2018	50.6p	14.0p	68.0p	118.6p
31 January 2019	47.1p	3.1p	71.1p	118.2p

Key Dates

Annual General Meeting	11 July 2019 4.00 p.m. at 33 Holborn, London, EC1N 2HT
Ordinary Share final dividend payment date	9 August 2019
Half-yearly Results to 31 July 2019 published	September 2019
Annual Results to 31 January 2020 announced	May 2020
Annual Report and Accounts published	May 2020

Strategic Report

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

The Company's Objective

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

Investment Policy

The Company's investment policy is designed to enable the Company to comply with the VCT qualifying conditions. It is intended that the long-term disposition of the Company's assets will be not less than 80% in a portfolio of unquoted investments and up to 20% in cash or near cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks.

Investments are structured using various unquoted investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the venture capital legislation. The portfolio is diversified by investing in a broad range of industry sectors and by holding investments in companies at various stages of maturity in the corporate development cycle, within the confines of VCT legislation. The normal investment period is in the range from three to seven years. Any uninvested funds are typically held in cash, money market funds and Open Ended Investment Companies (OEICs).

Risk is further spread by investing in a number of different businesses within different industry sectors using a variety of securities. The maximum amount invested in any one company is limited to HMRC annual investment limits and, generally, no more than 15% of the Company's investments, at cost, are invested in the same company.

The value of individual investments is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. The Company's VCT qualifying investments are held with a view to long-term capital growth as well as income generation and will often have limited marketability. As a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments are made using shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

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

A review of the investment portfolio and of market conditions during the year is included in the Chairman's Statement and Investment Manager's Review which form part of the Strategic Report on pages 3 and 7 to 8. A Business Review also forms part of the Strategic Report on pages 4 to 6.

Co-investment Policy

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

Liquidity Strategy

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

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

VCT Regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Internally, this is measured on a continuous basis and it is reviewed by PricewaterhouseCoopers LLP (PwC) every six months who perform a comprehensive validation exercise. The primary purpose of the investment policy is to ensure Apollo continues to qualify and is approved as a VCT by HMRC. The main criteria to which Apollo must adhere are detailed on page 54.

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

Chairman's Statement

Introduction
I am pleased to present the Annual Report of Apollo for the year ended 31 January 2019.

Performance
On a total return basis, after adding back the 3.1p of dividends paid in the year, the NAV has decreased 0.8%. The NAV plus cumulative dividends has decreased from 118.6p per share as at 31 January 2018 to 118.2p per share as at 31 January 2019. Further details of the year's performance is highlighted in the Investment Manager's Review later in this Report.

Investment Activity
In the year under review the Company invested £17.5 million, including £16.4 million into five new investments and £1.1 million in follow-on capital to existing investee companies to continue their growth plans. There were six exits of portfolio companies during the year generating total proceeds to the Company of £1.7 million, in addition to receiving £0.5 million of further deferred sales proceeds from disposals in previous years.

Dividend and Dividend Policy
It is your Board's policy to maintain a regular dividend flow where possible in order to take advantage of the tax-free distributions a VCT is able to provide.

The Board has proposed a final dividend of 1.5p per share in respect of the year ended 31 January 2019. This is in addition to the 1.5p interim dividend paid in November 2018, and will bring the total dividends declared to 3.0p for the year. As in previous years, dividends will first be paid out of any revenue reserves, with any remaining balance to be paid from the special distributable reserve. The dividend will be payable on 9 August 2019 to shareholders on the register at 19 July 2019.

Dividend Reinvestment Scheme (DRIS)
In common with a number of VCTs, the Company has a dividend reinvestment scheme which was introduced in November 2014. This is an attractive scheme for investors who do not need income, but would prefer to benefit from additional income tax relief on their re-invested dividend. I hope that shareholders will find this scheme beneficial.

During the year to 31 January 2019 2,901,629 shares were issued under the DRIS, returning £1.4 million to the Company.

Share Buybacks
Your Company has continued to buy back and cancel shares as required. Subject to shareholder approval of resolution 10 at the forthcoming Annual General Meeting (AGM) this facility will remain in place to provide liquidity to investors who may wish to sell their shares. Details of the share buybacks undertaken during the year can be found in the Directors' Report on page 17.

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

A key requirement is to maintain at least a 70% qualifying investment level which, at 31 January 2019, was at 92.5%. The required level will rise to 80% for accounting periods beginning after 6 April 2019, so Apollo will need to be at 80% or higher by 31 January 2020 to maintain its VCT status.

Further information on VCT regulation is detailed in the Directors' Report on page 16.

Annual General Meeting
The Company's Annual General Meeting will take place on 11 July 2019 at 4.00 p.m. I look forward to welcoming you to the meeting which will be held at the offices of Octopus Investments Limited at 33 Holborn, London, EC1N 2HT. Directions to their office can be found by visiting their website at: **www.octopusinvestments.com**.

Outlook and future prospects
We continue to be optimistic about the Company's future investment prospects and its current diverse portfolio. As a result of a significant emphasis on origination activities the investment team has completed five new investments during the year and expects to be able to continue with further new investment activity in 2019.

This position has led myself and the Board to the decision that it is in the interest of shareholders for the Company to raise additional funds. We are intending to launch the fund raising in May 2019 for an initial amount of £20 million, with a £10 million over allotment facility (subject to demand). This will allow the investment team to continue making investments on behalf of the Company, helping to further diversify the assets and create opportunities for future growth. I look forward to addressing all shareholders when the documentation is released in May, with a Chairman's Statement outlining further details and why I am excited for the opportunity head of us.

Murray Steele

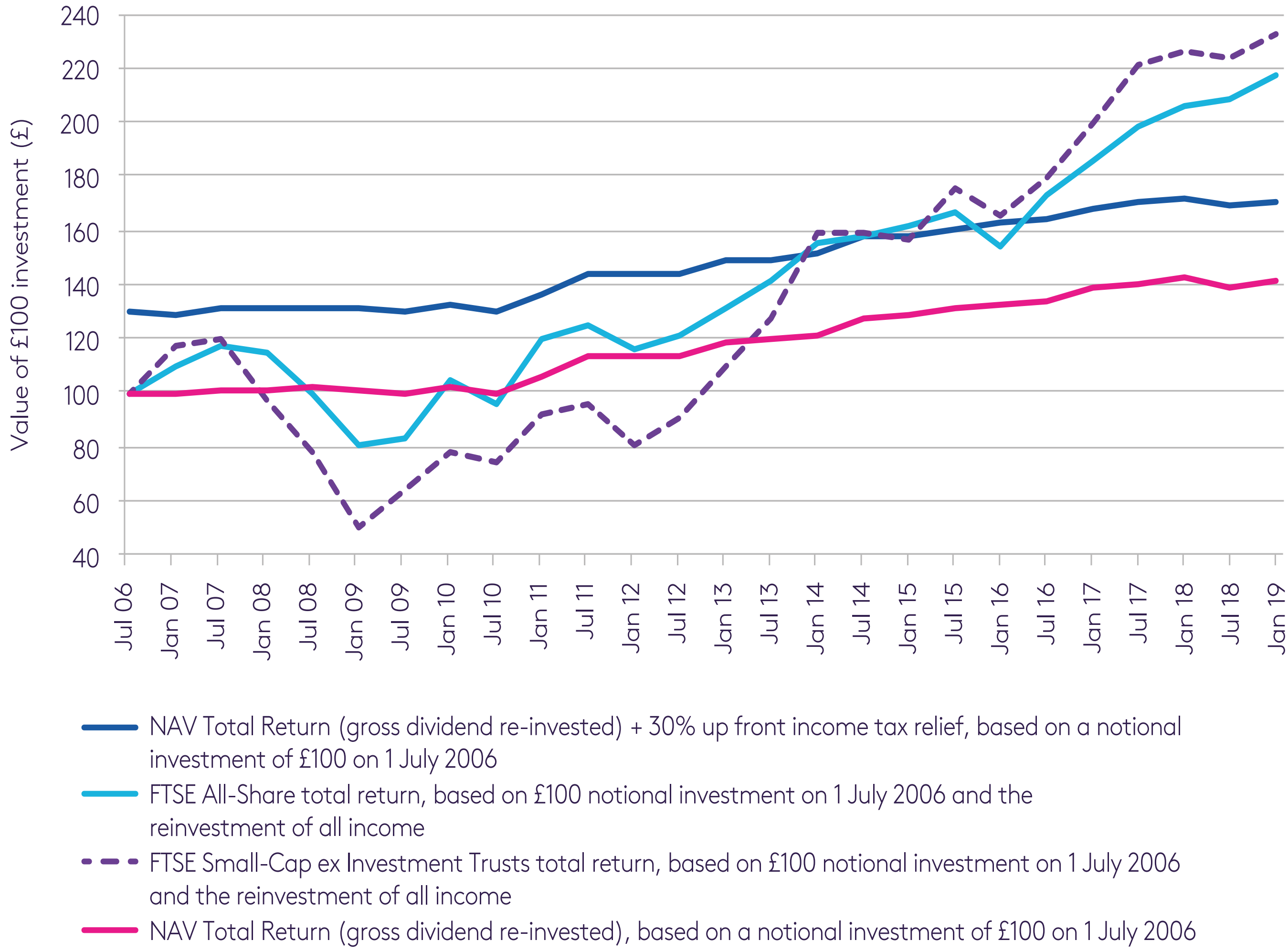
Murray Steele
Chairman
7 May 2019

Business Review

Performance

Performance, measured by the change in NAV per share and total return per share, is also measured against the FTSE Small-Cap Index. This is shown in the graph below. This index has been adopted as an informal benchmark.

The graph below compares NAV total return (gross dividends reinvested) of the Company over the period from July 2006 to January 2018 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to £100). This index is considered to be the most appropriate broad equity market index for comparative purposes, although the Board wishes to point out that VCTs are not able to make investments in companies quoted on the Main Market in their observance of the VCT rules.



Results and Dividend

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
Net return attributable to shareholders	**(1,183)**	3,699
Appropriations:		
Interim dividend paid – 1.5p per share (2018: 1.6p per share)	**3,814**	4,111
Special dividend paid – Nil (2018: 10.7p per share)	**–**	26,655
Final dividend proposed – 1.5p per share (2018: 1.6p per share)	**3,787**	4,092

Key Performance Indicators (KPIs)

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

The Board expects the Manager to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments and maximising tax-free income for shareholders. The Board assesses the performance of Octopus in meeting the Company's objectives against the following KPIs:

- net asset value per share;
- total return per share;
- dividends per share paid in the year; and
- the total expense as a proportion of shareholders' funds.

As previously discussed, the NAV per share has decreased from last years' value of 50.6p to 47.1p. This gives a total return of negative 0.8% or 0.4p per share, after adding back dividends paid in the year. Whilst disappointing this does not detract from the long-term objective of the Company. Total return on the NAV per share enables shareholders to evaluate more clearly the performance of the Company, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

The 3.1p of dividends paid in the year gives an annual yield of 6.1% based on the NAV of 50.6p at the beginning of the year, which is above the Board's policy of the targeted 5% annual dividend yield.

The total running costs in the year, as defined in the prospectus, were within the annual limit of 3.3% of average net assets at 3.2% (2018: 2.9%). This figure excludes any extraordinary items, costs related to mergers, adviser charges and performance fees but does include a bad debt provision relating to non-recovery of interest from a portfolio company, excluding which total running costs would be 2.3% (2018: 2.5%).

When making investments in unquoted companies at an early stage of their development, some may under-perform the Manager's original expectations, but investing the funds raised in growth companies with the potential to become market leaders creates an environment of improved returns for shareholders. The growth of these companies is largely dependent on continuing the existing levels of corporate spending. A volatile economic environment could adversely affect corporate spending patterns which would, in turn, have a negative impact on the development of the investee companies.

Viability Statement

In accordance with provision C.2.2 of The UK Corporate Governance Code 2016, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company intends to launch a new offer for subscription in May 2019, and under VCT rules subscribing investors are required to hold their investment for a five year period in order to benefit from the associated tax reliefs. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a five year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the principal risks facing the Company and its current position, including those which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to the Company's reliance on, and close working relationship with, the Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

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

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to 31 January 2024.

Principal risks, risk management and regulatory environment

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

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

The Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PwC to undertake an independent VCT status monitoring role.

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

Valuation Risk: investments may be valued inappropriately which may result in an inaccurate representation of the Company's net assets and net asset value per share. Unquoted investments are valued to current financial reporting standards using International Private Equity and Venture Capital Valuation ("IPEV") guidelines (December 2018). Investments traded on AIM are valued using bid prices as reported by Bloomberg.

Financial risk: as a VCT the Company is exposed to market price risk, credit risk, fair value risk, liquidity risk and interest rate risk. Details of the management of these risks can be found in Note 16 of the financial statements.

As most of the Company's investments involve a medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing. 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 take advantage of new investment opportunities.

The Company has very little exposure to foreign currency risk and does not enter into derivative transactions. The Company has cash deposits with HSBC Bank plc. The risk of loss to this cash is deemed to be low due to the bank's historical credit rating and its current Standard & Poor's rating of AA-. Inadequate controls might lead to misappropriation of assets. This is mitigated by a division of responsibilities for the preparation and approval of payments. Regular asset reconciliations are undertaken by the Manager. Inappropriate accounting policies might lead to mis-posting or breaches of regulations. Guidance is provided by the Company's auditors as to the appropriateness of accounting policies and updates to regulations.

Regulatory risk: the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. The Company is also a small registered Alternative Investment Fund Manager ("AIFM") and must comply with the AIFM Directive. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. The Company's compliance with statutory and regulatory obligations is reviewed by the Board.

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

Economic and Price risk: macroeconomic conditions such as the impacts of Brexit, government regulation, political instability or recession could cause volatility in the markets, damaging the underlying assumptions in the valuations and therefore the value of Company investments. The risk is amplified for smaller companies earlier in their life cycle.

To mitigate these risks Octopus constantly monitors the markets and the portfolio companies, providing performance updates to the Board at each meeting. The risk of material decline in the value of a single security is further mitigated by holding a diversified portfolio, across a broad range of sectors.

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

Market risk: investment in unquoted companies involves a higher degree of risk, which could result in the value of such investments, and interest income and dividends therefrom, reducing. In particular, small companies often have limited product lines, markets or financial resources. These companies may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes and, therefore, may not produce the hoped for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that of securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. These risks are mitigated by the Managers' extensive experience in identifying suitable investments in smaller companies.

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

The Board seeks to mitigate the internal risks by setting policy, regularly reviewing performance, enforcing contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance report on page 22.

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

Gender and Diversity

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

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

The Board's policy on Employee, Human Rights, Social and Community Issues, Environment Policy and Greenhouse Gas Emissions is discussed in the Directors' Report on page 17.

This report was approved by the Board on 7 May 2019 and signed on its behalf by:

Murray Steele

Murray Steele
Chairman

Investment Manager's Review

Personal Service

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

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage four VCTs, including this one, and manage over £1 billion in the VCT sector.

Investment Policy

The majority of companies in which Apollo invests operate in sectors where there is a high degree of predictability and/or a strong opportunity for growth. Ideally, we seek companies that have recurring or repeating revenues from financially sound customers and that will provide an opportunity for the Company to realise its investment within three to five years.

Performance

The Company made a total loss per share of 0.8% in the year to 31 January 2019. Whilst the NAV per share decreased from 50.6p to 47.1p, 3.1p of dividends were paid over the period, bringing cumulative dividends paid to date to 71.1p and the total value (NAV plus cumulative dividends) to 118.2p per share.

While the first half of the year reported a total loss per share of 2.2%, the second half of the year resulted in a recovery in performance yielding a total return of 1.4%. This however was not sufficient to report an overall positive total return for the year.

The disappointing performance across the year was largely attributable to adverse fair value movements on the three specific investments discussed below, which was offset by a continuation of the strong interest yield from loans made to portfolio companies and positive fair value movements across the rest of the portfolio.

Portfolio Review

As at 31 January 2019 the Company's portfolio was comprised of 51 portfolio companies with a total valuation of £86.5 million. This represents 72.7% of the net assets of the fund with 26.5% of the net assets held as cash or liquid assets at the year-end. The portfolio includes ten quoted AIM investments (4.8% of net assets), 12 Octopus Titan VCT plc (an Octopus managed VCT) co-investments in earlier stage businesses (6.3% of net assets), with the balance (61.6% of net assets) being more typical Apollo investments in private companies.

During the year, the value of the invested portfolio increased by £0.3 million, excluding additions and disposals. The modest increase is as a result of positive valuation movements across a number of investments in the portfolio including the fund's investment in Healthcare Services and Technology Limited (trading as HAS Technology) and Hasgrove Limited. These increases were offset by negative valuation adjustments during the year from Eve Sleep plc (£1.4 million valuation decrease), Sourceable Limited (trading as Swoon Editions) (£1.2 million valuation decrease), and Coupra Limited (trading as ISG Technology) (£1.1 million valuation decrease), as a result of specific trading performance issues within each business during the year.

As part of liquidity management during the previous year the Company invested £53.0 million in the Octopus Portfolio Manager ("OPM") funds. During the current year £35.0 million was withdrawn to fund new investments, dividends and share buybacks taking total holdings at 31 January 2019 to £18.3 million, at year end valuations. Octopus has waived its management fees in relation to OPM to ensure it is not taking fees twice on the same funds under management.

The Company's investment portfolio is set out on page 9. It continues to hold appropriate investments to meet VCT requirements. The Manager now has the opportunity to make a number of further investments with the aim of building the Company NAV.

Investment Activity

During the year, the Company disposed of six investments for total sale proceeds of £1.7 million. This resulted in a loss of £0.5 million on the total cost of £2.2 million. In addition the Company received £0.5 million of further deferred sale proceeds from disposals in previous years, resulting in a net profit of nil over cost on these investments in the year. Positive gains recognised in the majority of the disposals were offset by a £1.1 million loss recognised on the sale of Yu Group plc and a £0.4 million loss on MIRACL Limited which went into liquidation during the period.

The Company made the following new investments during the year:

- Natterbox £5.0 million – a B2B cloud-based telephony provider, whose offering seamlessly integrates with customer relationship management ("CRM") software
- SimplyCook £4.5 million – a direct-to-consumer subscription-based flavourings and recipe company, supplying UK customers and allowing them to cook tastier meals at home
- City Pantry £3.1 million – an online marketplace facilitating the provision of high-quality catering from local specialist independent food vendors to corporate customers
- Ubisecure £2.1 million – a customer identity and access management software provider to enable customers to effectively manage their end-users' digital identities and automate authentication and encryption

- Triumph Research Intelligence £1.6 million – a software provider to contract research organisations and pharmaceutical companies for the monitoring of clinical research trials

In addition to the new investments above, the Company invested £0.9 million in follow-on capital to existing investee companies to continue their growth plans.

Since the year end, the Company has also made two further investments to date for a total of £7.2 million plus further follow-on funding to selected companies.

Outlook and Future Prospects

We remain optimistic about the Company's future investment prospects and its current diverse portfolio.

Having adjusted the investment strategy to comply with VCT rule changes, the investment team has increased new investment activity during the year, focusing on growth capital investments. The team has a continued pipeline of new investment opportunities which should support a strong level of new investment activity in the upcoming year. Therefore, and as noted in the Chairman's Statement we are planning to launch a fund raising in May 2019 in order to fund investment opportunities for the forecast period.

Although Brexit negotiations are still ongoing, and the timing and outcome of these negotiations remains uncertain, we do not believe that the Company has a direct material exposure to the outcome. Our investment strategy remains on UK-focussed companies with limited international exposure, and we believe that access to new VCT-qualifying growth capital investment opportunities will not likely be directly impacted by Brexit.

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

Richard Court
Octopus Investments Limited
7 May 2019

Valuation Methodology

Initial measurement

Financial assets are measured at fair value. The initial best estimate of fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

Subsequent measurement

Subsequent adjustment to the fair value of unquoted investments has been made using adjusted sector multiples where applicable, based on information as at 31 January 2019. In some cases the multiples have been compared to equivalent companies where it is believed that this is more appropriate than a sector multiple. In instances where an investment has predictable future cash flows, discounted cash flow valuations are used to support the fair value.

In accordance with our interpretation of the IPEV guidelines, cost is deemed to be the fair value of investments, unless performance indicates that fair value has changed. Where investments are made in assets that are under construction, these are held at cost until operational, unless other factors indicate that fair value has changed.

Quoted investments are valued at market bid price. No discounts are applied.

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

Investment Portfolio

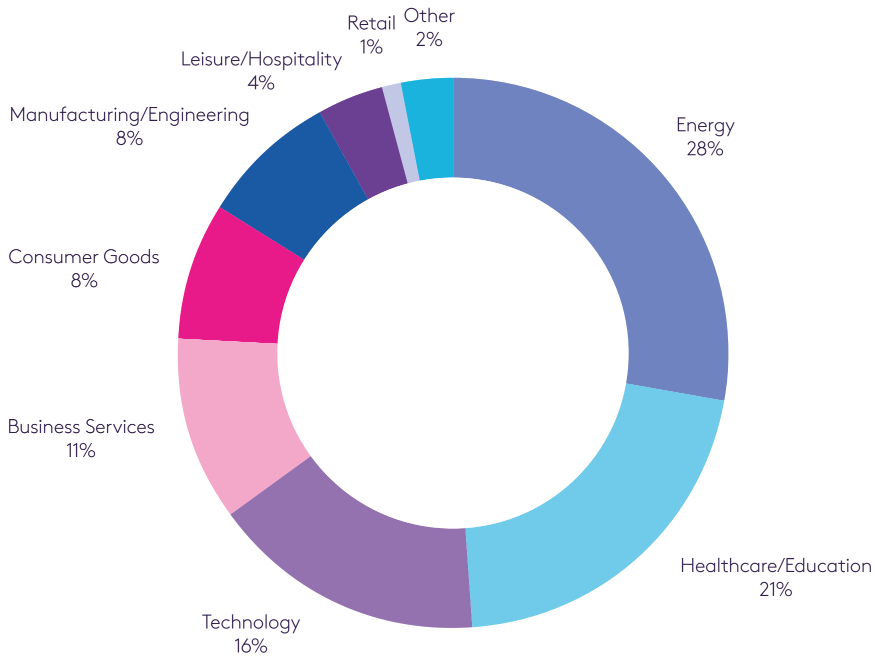
Top 10 Investments	Sector	Investment cost as at 31 January 2019 £'000	Total movement in fair value since investment £'000	Fair value as at 31 January 2019 £'000	Movement in fair value in year to 31 January 2019 £'000	% equity held by Apollo VCT	% equity held by all funds managed by Octopus
Healthcare and Services Technology Limited	Healthcare	7,186	1,196	8,382	622	10.0	10.0
Natterbox Limited	Technology	4,990	410	5,400	410	9.0	9.0
Anglo European Group Limited	Manufacturing	5,000	96	5,096	287	26.7	26.7
Countrywide Healthcare Services Limited	Healthcare	2,675	2,292	4,967	103	20.7	20.7
Simply Cook Limited	Consumer Products	4,500	–	4,500	–	16.4	16.4
Coupra Limited	Business Services	5,000	(1,013)	3,987	(1,098)	9.8	9.8
City Pantry Ltd	Retail	3,148	307	3,455	307	8.0	8.0
Kabardin Limited	Energy	2,450	760	3,210	760	49.0	100
Dyscova Limited	Healthcare	4,700	(1,626)	3,074	–	62.2	62.2
Tanganyika Heat Limited	Energy	4,108	(1,372)	2,736	524	49.9	100
Other*		43,723	(1,992)	41,731	(1,613)		
Total investments		**87,480**	**(942)**	**86,538**	**302**		
Current asset investments				18,342			
Cash at bank				13,203			
Debtors less creditors				941			
Net assets				**119,024**			

*Other comprises the remaining 41 investments whose valuation is outside the top 10: Acquire Your Business Limited, Angelico Solar Limited, Artesian Solutions Limited, Augean plc, Barrecore Limited, Behaviometrics AB, Bramante Solar Limited, British Country Inns plc, Canaletto Solar Limited, Cello Group plc, CurrencyFair Limited, Ecrebo Limited, EKF Diagnostics Holdings plc, Ergomed plc, Eve Sleep plc, Hasgrove Limited, Leonardo Solar Limited, Luther Pendragon Limited, Mi-Pay Group plc, MIRACL Limited, Modigliani Solar Limited, Nektan plc, Origami Energy Limited, Oxifree Group Holding Limited, Pirlo Solar Limited, Red Poll Power Limited, Renalytix plc, Secret Escapes Limited, Segura Systems Limited, Sourceable Limited (Swoon Editions), Superior Heat Limited, Synnovia plc, Tintoretto Solar Limited, Tiziano Solar Limited, Trafi Limited, Triumph Holdings Limited, Ubisecure Limited, Valloire Power Limited, Vertu Motors plc, Winnipeg Heat Limited and Zynstra Limited.

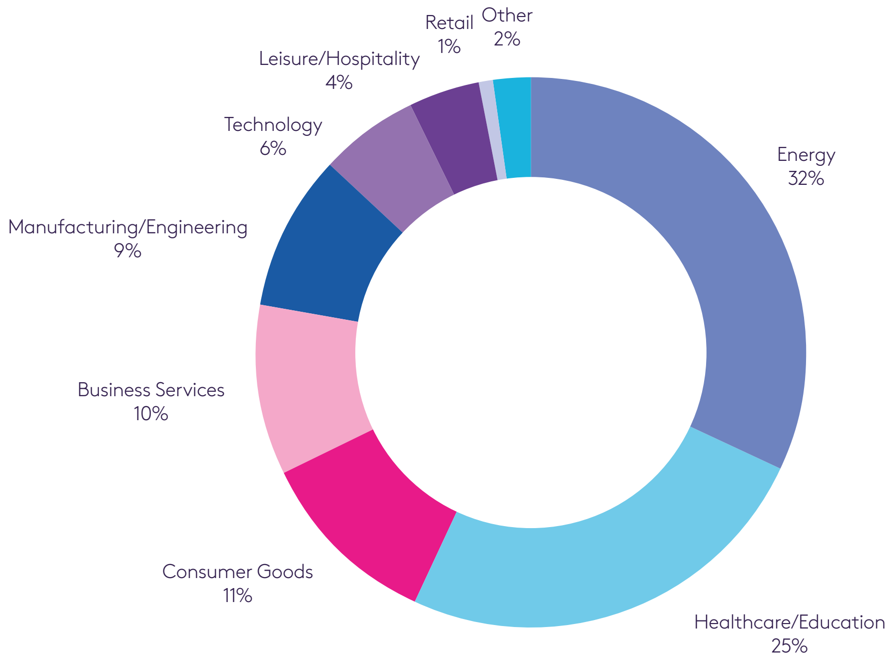
Sector Analysis

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

31 January 2019



31 January 2018



Review of Investments

At 31 January 2019 the Company's portfolio comprised of investments in 41 unquoted companies and 10 AIM-traded investments. The unquoted investments are in Ordinary shares with full voting rights as well as loan note securities.

Unquoted investments are valued in accordance with the valuation methodology set out on page 9 and the accounting policy set out on pages 44 and 45, which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with the latest IPEV guidelines (2018) and current financial reporting standards.

Ten Largest Holdings

Listed below are the ten largest investments by value as at 31 January 2019:

Healthcare and Services (HAS) Technology Limited

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

Asset class	Cost £'000	Valuation £'000
Ordinary shares	100	1,032
A ordinary shares	3,100	3,100
B preference shares	800	800
Loan stock	3,186	3,450
Total	**7,186**	**8,382**

Investment date: February 2013
Equity held: 10.0%
Valuation basis: Earnings multiple

Natterbox Limited

Natterbox is a London-based provider of B2B cloud telephony services that are uniquely integrated into Customer Resource Management ("CRM") software platforms, most notably Salesforce. Further information can be found at the company's website **www.natterbox.com**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	925	561
Preference shares	2,570	3,344
Loan stock	1,495	1,495
Total	**4,990**	**5,400**

Investment date: March 2018
Equity held: 9.0%
Valuation basis: Transaction cost and accrued income

Anglo European Group Limited

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

Asset class	Cost £'000	Valuation £'000
Ordinary shares	1,500	1,596
Loan stock	3,500	3,500
Total	**5,000**	**5,096**

Investment date: October 2015
Equity held: 26.7%
Valuation basis: Earnings multiple

Countrywide Healthcare Services Limited

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

Asset class	Cost £'000	Valuation £'000
A ordinary shares	276	2,568
B ordinary shares	147	147
Loan stock	2,252	2,252
Total	**2,675**	**4,967**

Investment date: June 2014
Equity held: 20.7%
Valuation basis: Earnings multiple

Simply Cook Limited

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

Asset class	Cost £'000	Valuation £'000
A ordinary shares	3,150	3,150
Loan stock	1,350	1,350
Total	**4,500**	**4,500**

Investment date: December 2018
Equity held: 16.4%
Valuation basis: Transaction cost

Coupra Limited

Coupra Limited is the Group holding company for ISG Technology Limited, a specialist service provider of wired and wireless networking infrastructure solutions to multi-site commercial and retail customers in the UK such as supermarkets. It designs and deploys systems to monitor availability, security and performance that ensure their customers' businesses achieve the best outcomes. Further information can be found at the company's website **www.isg-technology.com**.

Asset class	Cost £'000	Valuation £'000
Preference shares	1,013	–
Loan stock	3,987	3,987
Total	**5,000**	**3,987**

Investment date: February 2015
Equity held: 9.8%
Valuation basis: Earnings multiple

City Pantry Ltd

City Pantry Ltd operates an online corporate catering marketplace facilitating the provision and delivery of high-quality food to corporate customers from local and established food vendors. Further information can be found at the company's website **www.citypantry.com**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	778	778
Preference shares	900	913
Loan stock	1,470	1,764
Total	**3,148**	**3,455**

Investment date: March 2018
Equity held: 8%
Valuation basis: Transaction cost and accrued income

Kabardin Limited

In November 2015, Apollo invested £2.45 million into Karbardin Limited, to provide construction finance for a 20MW reserve power plant. Reserve power plants are reliable, dispatchable, lower carbon generation plants which are called in very short notice (less than 10 minutes). Kabardin is now fully operational and supplying electricity to the grid.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	2,450	3,210
Total	**2,450**	**3,210**

Investment date: November 2015
Equity held: 49%
Valuation basis: Discounted cash flow

Dyscova Limited

Dyscova Limited is the Group holding company for Care and Independence Limited. Care and Independence is a leading British manufacturer and distributor of patient handling equipment used by health care providers across the UK and increasingly in other northern European countries. Further information can be found at the company's website **www.careandindependence.com**.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	575	–
B ordinary shares	1,475	–
Loan	2,650	3,074
Total	**4,700**	**3,074**

Investment date: July 2016
Equity held: 62.2%
Valuation basis: Discounted cash flow

Tanganyika Heat Limited

Tanganyika Heat Limited fully owns its subsidiary, Manor Farm Community Energy Limited, which is a 0.5MW Anaerobic Digestion ("AD") plant that generates electricity from agriculturally derived products and wastes to export to the National Grid. AD is a natural process in which microorganisms break down organic matter to produce a combustible biogas. The biogas is then used in an engine to generate electricity and heat. The renewable electricity generated is accredited to earn the government Feed-in-Tariff ("FIT") subsidies and the heat is accredited to earn Renewable Heat Incentive ("RHI").

Asset class	Cost £'000	Valuation £'000
Ordinary shares	2,022	650
Loan	2,086	2,086
Total	**4,108**	**2,736**

Investment date: November 2013
Equity held: 49.99%
Valuation basis: Discounted cash flow

The strategic report was approved by the Board on 7 May 2019 and signed on its behalf by:

Murray Steele
Chairman

Details of Directors

The Directors of the Company during the year were:

Murray Steele (Chairman)

Murray was appointed as Director and Chairman on completion of the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. Murray has had a broad range of experience as a director of a number of companies. At present he is Chairman of Surface Generation Limited, a hi-tech engineering company, and a Non-Executive Director of James Walker Group, an international engineering group. Murray has Bachelor's and Master's degrees in mechanical engineering from the University of Glasgow, an MBA from Cranfield School of Management and holds an accounting qualification. Murray was formerly a director of Octopus Apollo 4 VCT plc*.

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

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

James Otter (Non-Executive Director)

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

Alex Hambro (Non-Executive Director)

Alex was formerly Chairman of Octopus Eclipse VCT plc and was appointed as a Director on 19 December 2016, on completion of the merger of Octopus Eclipse VCT plc with the Company. Alex has spent the last 30 years in the venture capital and private equity sector, much of this time at Hambros plc and associated organisations. As a Director of Hambro Group Investments, he was responsible for the establishment and operations of the Hambro Private Equity Group, which sponsored nine fund managers in the UK, Europe, the US and Australia. Since leaving Hambros in 1999, he has assisted several venture capital organisations with their fundraising and marketing programmes and has acted as a consultant to a number of investors on their venture capital investment strategies. Alex is Chairman of Judges Scientific Plc and a Non-Executive Director of a number of private companies.

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

Directors' Report

The Directors present their report and the audited Financial Statements for the year to 31 January 2019. The Corporate Governance Report on pages 20 to 23 and the Audit Committee Report on pages 24 to 25 form part of this Directors' Report.

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

Directors

Brief biographical notes on the Directors are given on page 15.

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

The Board has considered provision B.7.2 of the The UK Corporate Governance Code and, following a formal performance evaluation as part of the Board Evaluation, further details of which can be found on page 21, believes that Mr Steele continues to be effective and demonstrate commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming AGM.

Further details can be found in the Corporate Governance report on pages 20 to 23.

Directors' and Officers' Liability Insurance

The Company has, as permitted by s233 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

VCT Regulation

Compliance with required rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria which the Company must adhere to are detailed on page 54.

The Finance Act 2014 amended the rules relating to VCT shares issued on or after 6 April 2014 such that VCT status will be withdrawn if, in respect of shares issued on or after that date, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may affect the amount of distributable reserves available to the Company to fund dividends or share buybacks. However, the Company currently has sufficient distributable reserves to allow dividends to continue to be paid in line with the current dividend policy.

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

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

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 2 to 14. Further details on the management of financial risk may be found in note 16 to the Financial Statements.

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

The assets of the Company include securities (OEICs and quoted investments) and cash which are readily realisable (31% of net assets) and, accordingly, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of this report.

Management

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

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

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

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

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

31 January 2019 no annual performance fee was due to Octopus (2018: £687,000).

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

Whistleblowing

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

Bribery Act

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

Environment Policy and Greenhouse Gas Emissions

The Board has no specific environmental policy; however, the Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment, wherever possible.

The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. Consequently it has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors Reports) Regulations 2013.

Share Issues and Open Offers

During the year under review 2,901,629 shares were issued to those shareholders who elected to receive shares under the DRIS as an alternative to dividends. This raised £1,385,000 to the Company. See note 14 of the Financial Statements for details.

Share Buybacks and Redemptions

During the period the Company purchased for cancellation 7,888,534 Ordinary shares, with a nominal value of £788,853, at a weighted average price of 46p per share for total consideration of £3,649,000 (2018: 2,927,901 shares at a weighted average price of 56p per share). The shares were repurchased in accordance with the Company's share buyback policy to provide liquidity in the shares and to prevent the shares trading at a wide discount to the NAV. See note 14 of the Financial Statements for details.

The Board received authority at the General Meeting held on 12 July 2018 to buy back up to 14.99% of the share capital, such authority to expire 18 months after the passing of the resolution. Renewal of this authority will be sought at the forthcoming AGM. The Board's policy is to apply up to a 5% discount to buybacks of Ordinary shares.

Post Balance Sheet Events

A full list of post balance sheet events since 31 January 2019 can be found in note 17 to the financial statements on page 52.

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

The Company's Ordinary share capital as at 31 January 2019 was 252,496,695 Ordinary shares of 10p (2018: 257,483,600). No shares were held in Treasury.

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

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

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

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

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting and, if the shares represent at least

0.25% of their class, the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in Company law.

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

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

The authority proposed under Resolution 6 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in the Company in a cost efficient manner. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market. Resolution 6 renews the Directors' authority to allot Ordinary shares. This would enable the Directors until July 2020, to allot up to 25,249,669 Ordinary shares (representing approximately 10% of the Company's issued share capital as at the date of this report). The authority being sought under this Resolution is in addition to existing authorities.

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

Resolution 7 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This resolution would authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of 25,249,669 Ordinary shares (representing approximately 10% of the Company's issued share capital as at the date of this report). This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. Any shares allotted under this authority would be issued at prices at or above NAV. As with Resolution 6 the authority being sought under this resolution is in addition existing authorities.

Directors' Authority to Make Market Purchases of its Own Shares

The authority proposed under Resolution 8 is required so that the Directors may make purchases of up to 37,849,254 Ordinary shares, representing approximately 14.99% of the Company's issued share capital as at the date of the notice of AGM. Any shares bought back under this authority will be at a price determined by the Board, (subject to a minimum price of 10p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 8 will expire 18 months from the date of the passing of the Resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

Substantial Shareholdings

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

Annual General Meeting

The notice convening the AGM of the Company to be held on 11 July 2019, and a form of proxy in relation to the meeting, will be sent to shareholders with this report.

Independent Auditor and Disclosure of Information to Auditor

BDO LLP were appointed as Auditor on 12 July 2018 and offer themselves for re-appointment as auditor. A Resolution to re-appoint BDO LLP as auditor and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

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

Information Given in the Strategic Report

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

Corporate Governance Report

The Board of Apollo has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance ("AIC Code") 2016 by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies 2016 ("AIC Guide").

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates, and is used in addition to, The UK Corporate Governance Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement on page 22.

Following the issue of the UK Corporate Governance Code 2018 and the Association of Investment Companies Code of Corporate Governance 2019, the year ending 31 January 2020 will be reviewed against these newer iterations.

Board of Directors

The Company has a board of four non-executive Directors, all of whom are considered to be independent of the Company's Manager, Octopus.

The director rotation is undertaken annually as follows:

	Date of Original Appointment	Due date for Election/ Re-election
Murray Steele (Chairman)	28/09/2012	AGM 2019
Alex Hambro	19/12/2016	AGM 2020
James Otter	28/11/2014	AGM 2020
Christopher Powles	28/09/2012	AGM 2021

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

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

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

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

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

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

The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 2.

During the year the following meetings were held:

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

Additional meetings were held as required to address specific issues including considering recommendations from the Manager, allotments and share repurchases. A brief biographical summary of each Director is given on page 15.

Performance Evaluation

In accordance with The UK Corporate Governance Code, each year a formal performance evaluation is undertaken of the Board, its Committees and the Directors in the form of a questionnaire completed by each Director. A summary of the findings are presented to the Board at the next meeting and an action plan agreed if required. The performance of the Chairman was evaluated by the other Directors.

Appointment and Replacement of Directors

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

Powers of the Directors

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

Authority was given at the Company's AGM held on 12 July 2018 to make market purchases of up to 38,596,791 Ordinary shares, as per the terms set out in the relevant resolution. Renewed authority is being sought at the 2019 AGM as set out in the notice of meeting.

Board Committees

There is no formal management engagement committee as matters of this nature are dealt with by the Board as a whole. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on page 27.

The Board has appointed two committees to make recommendations to the Board in specific areas, the Audit Committee and the Nomination Committee.

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

The Audit Committee, chaired by Christopher Powles, consists of all four Directors. The Audit Committee believes Mr Powles possesses appropriate and relevant financial experience as per the requirements of the UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee Report is given on pages 24 to 25.

Nomination Committee:
James Otter (Chairman)
Christopher Powles

The Nomination Committee considers the selection and appointment of Directors considering the composition and selection of the Board, appointing members on merit, measured against objective criteria with due regard for the benefits of diversity, including gender. It also makes recommendations to the Board as to the level of Directors' fees.

Terms of reference for the Committee have been agreed. However, the Committee has yet to meet.

Internal Controls

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

Octopus identifies investment opportunities for the consideration of the Board which ultimately makes the decision whether to proceed with that opportunity. Octopus monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

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

The Directors confirm that they have established a continuing process throughout the period and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council guidelines. The Board does not consider it necessary to maintain a separate internal audit function.

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

Financial Risk Management Objectives and Policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found on pages 5 and 6 and in note 16 to the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. In addition to the formal business of the AGM, the Board is available to answer any questions a shareholder may have.

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

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code. The preamble to the UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under the UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting period to 31 January 2019 with the provisions set out in the UK Corporate Governance Code. The section references to the Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary for the size of the Company. [A.1.2 and A.4.1]
2. New Directors have not received a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. [B.4.1]
3. The Audit Committee discusses the need for an internal audit function annually, however, it does not consider that an internal audit would be an appropriate control for a VCT. [C.3.6]
4. The Company does not have a Remuneration Committee as it does not have any executive directors. The Board as a whole reviews the remuneration of the Directors on an annual basis. [D.1.1 – 2.4]
5. The Company has no major shareholders and shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the AGM. Shareholders are welcome to contact the Board or Octopus at any time. [E.1.1 and E.1.2]

By Order of the Board

Parisha Kanani
Company Secretary
7 May 2019

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 January 2019 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 22.

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

- reviewing and making recommendations to the Board in relation to the Company's published Financial Statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the annual Report and Accounts provides necessary information for shareholders to assess position and performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

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

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice each year and on an ad hoc basis as necessary. It has direct access to BDO LLP, the Company's external auditor. Non-audit services were not provided by the external auditor during the period and therefore the audit committee does not believe there are any influences on their independence or objectivity. When considering whether to recommend the appointment or re-appointment of the external auditor the Committee takes into account the tenure of the current auditor, in addition to comparing the fees charged by similar sized audit firms.

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

The Audit Committee undertook a competitive audit tender process in order to select a new auditor to recommend for appointment at the 12 July 2018 AGM. BDO LLP was appointed as Auditor to the Company on 8 June 2018 and shareholders confirmed the appointment at the 12 July 2018 AGM.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and, if so, would recommend this to the Board. Octopus has an internal audit team which is supported, as required, by external consultants. Octopus' Compliance Department regularly reports to the Board on the outcome of the internal audits that have taken place, in so far as these relate to the Company, and confirms the absence of any issues relating to internal audit, of which the Board should be aware. Octopus undertakes to immediately raise to the committee any significant issues arising from the Octopus internal audit that affect the Company. The Committee is satisfied with the level of reporting.

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

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

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing the Octopus statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of the Octopus compliance procedures;

- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's Audit Findings Report to the Committee on the annual Financial Statements; and
- reviewing the Company's going concern status as referred to on page 16.

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

Significant Risks

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

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

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

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

Christopher Powles
Audit Committee Chairman
7 May 2019

Directors' Remuneration Report

Introduction
This report is submitted in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of the year ended 31 January 2019. The reporting obligations require that two sections be included, a Directors' Remuneration Policy Report and an Annual Remuneration Report, which are presented below.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 30 to 34.

Consideration by the Directors of Matters Relating to Directors' Remuneration
The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect.

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

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

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

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

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

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

The remuneration policy was amended and, in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, approved by shareholders at the AGM held on 12 July 2017. The policy will be effective for a period of three years from that date. Subject to no further changes to the Remuneration Policy it will be presented to shareholders again for approval in 2020.

Annual Remuneration Report
This section of the report is subject to approval by a simple majority of shareholders at the AGM in July 2019, as in previous years.

Statement of Voting at the Annual General Meeting
The 2018 Remuneration Report was presented to the AGM in July 2018 and received shareholder approval following a vote on a show of hands. 5.49% of the votes cast on the proxy forms were against the Report. The proxy forms returned to the Company's registrar contained no explanation for the votes against the resolution.

Shareholders' views are always considered by the Board, and the methods of contacting the Board are set out in the Shareholders Information on page 56.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the Investment Management Agreement, as referred to in the Directors' Report. The performance graph on page 4 shows the performance of the Company.

Directors' Fees (audited)

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

	Year ended 31 January 2019 £	Year ended 31 January 2018 £
Murray Steele (Chairman)	**30,000**	30,000
Christopher Powles	**25,000**	25,000
James Otter	**22,500**	22,500
Alex Hambro	**22,500**	22,500
Total	**100,000**	100,000

The Directors do not receive any other form of emoluments in addition to the Directors' fees; their total remuneration is not linked to the performance of the Company and no bonuses were or will be paid to the Directors. The Chairman of the Company and Audit Chairman receive additional remuneration over the basic Director's fee in recognition of the additional responsibilities and time commitment of their roles.

Relative Importance of Spend on Pay

The actual expenditure in the current year is as follows:

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000	% change
Share buybacks	**3,649**	1,639	122.6
Ordinary dividends paid in year	**7,906**	8,352	(5.3)
Special dividends paid in year	**–**	26,655	(100)
Management and performance fees paid	**2,179**	3,582	(39.1)
Total Directors' fees	**100**	100	–

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

Statement of Directors' Shareholdings (Audited)

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

	As at 31 January 2019	As at 31 January 2018
Murray Steele (Chairman)	**54,451**	54,451
James Otter	**11,248**	11,248
Christopher Powles	**14,149**	14,149
Alex Hambro	**10,950**	10,950

There have been no changes in the Directors' share interests between 1 February 2019 and the date of this report.

All of the Directors' shares were held beneficially.

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

Shareholders Proxy Voting Information

As required by Schedule 8:23 of the Regulations, the votes received for the AGM in 2018 were as follows:

	For		**Discretion**		**Against**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Approval of Directors' Remuneration Report	7,940,150	81.81	1,232,581	12.70	532,695	5.49

As required by Schedule 8:23 of the Regulations, the votes received for the approval of the Directors' Remuneration Policy for the AGM in 2017 were as follows:

	For		**Discretion**		**Against**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Approval of Directors' Remuneration Policy	7,551,803	82.22	1,203,680	13.10	429,783	4.68

By Order of the Board

Murray Steele

Murray Steele
Chairman
7 May 2019

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

The Directors confirm that:

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

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the Company's position performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland", give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Murray Steele

Murray Steele
Chairman
7 May 2019

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

Opinion

We have audited the financial statements of Octopus Apollo VCT plc (the "Company") for the year ended 31 January 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to principal risks, going concern and viability statement

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

Key Audit Matter	How We Addressed the Key Audit Matter in the Audit
Valuation of investments (Notes 1 and 10 to the financial statements) There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting both equity and loan stock portions. The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is responsible for valuing investments for the financial statements, there is a potential risk of overstatement of investment valuations.	We tested a sample of 98% of the unquoted investment portfolio by value of investment holdings. 52% of the unquoted portfolio is based on valuations using cost (where the investment was recently acquired), the price of a recent investment, or an offer to acquire the investee company. For such investments, we checked the cost, recent investment price or third party offer to supporting documentation and considered the Investment Manager's determination of whether there were any reasons why the valuation and the valuation methodology was not appropriate at 31 January 2019. A further 48% of the investment portfolio is valued with reference to more subjective techniques including discounted cash flow models or using multiples of revenue or earnings. Our detailed testing for such investments, performed on all investments within our sample comprised: • Forming a determination of whether the valuation methodology is the most appropriate in the circumstances under the IPEV Guidelines obtaining management explanations • Re-performed the calculation of the multiples-based investment valuations • Benchmarked key inputs and estimates to independent information and our own research • Challenged the assumptions inherent in the valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements • Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation • Developed our own point estimates where alternative assumptions could reasonably be applied and considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased For investments not included in our detailed testing, we performed the following procedures where relevant: • Considered whether the valuation had been prepared by a suitably qualified individual • Considered whether a valid IPEV methodology had been adopted • Considered whether the valuation used up to date trading information • Ensured our findings were suitable for our testing

	For a sample of loans held at fair value included above, we: • Vouched security held to documentation • Considered the assumption that fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept (i.e. the investment as a whole) • Reviewed the treatment of accrued redemption premium/ other fixed returns in line with the SORP.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements. The application of these key considerations gives rise to three levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality. (2% of gross investments)	Assessing whether the financial statements as a whole present a true and fair view.	• The value of gross investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	£2,100,000
Performance materiality.	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	• Financial statement materiality • Risk and control environment	£1,370,000
Specific materiality – classes of transactions and balances which impact on net realised returns. (10% gross expenditure)	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	• Level of gross expenditure	£500,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £23,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations.

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

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

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

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, 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
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were first appointed by the Board of Directors on 12 July 2018 to audit the financial statements for the year ending 31 January 2019 and subsequent financial periods.

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

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

7 May 2019

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

Income Statement

	Notes	Year ended 31 January 2019 Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2018 Revenue £'000	Capital £'000	Total £'000
Realised (loss)/gain on disposal of fixed asset investments	10	**–**	**(531)**	**(531)**	–	4,186	4,186
Realised loss on disposal of current asset investments	11	**–**	**(127)**	**(127)**	–	–	–
Change in fair value of fixed asset investments	10	**–**	**302**	**302**	–	1,063	1,063
Change in fair value of current asset investments	11	**–**	**–**	**–**	–	469	469
Investment income	2	**3,469**	**139**	**3,608**	3,627	–	3,627
Investment management fees	3	**(545)**	**(1,634)**	**(2,179)**	(724)	(2,858)	(3,582)
Other expenses	4	**(2,256)**	**–**	**(2,256)**	(2,068)	–	(2,068)
FX translation		**–**	**–**	**–**	–	4	4
(Loss)/Profit before tax		**668**	**(1,851)**	**(1,183)**	835	2,864	3,699
Tax on return on ordinary activities		**–**	**–**	**–**	–	–	–
(Loss)/Profit after tax		**668**	**(1,851)**	**(1,183)**	835	2,864	3,699
Earnings per share – basic and diluted	8	**0.3p**	**(0.7)p**	**(0.4)p**	0.3p	1.2p	1.5p

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

The Company has no other comprehensive income for the period.

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

Balance Sheet

	Notes	As at 31 January 2019 £'000	As at 31 January 2019 £'000	As at 31 January 2018 £'000	As at 31 January 2018 £'000
Fixed asset investments	10		**86,538**		71,326
Current assets:					
Investments	11	**18,342**		53,469	
Debtors	12	**2,580**		2,074	
Cash at bank		**13,203**		5,455	
		34,125		60,998	
Creditors: amounts falling due within one year	13	**(1,639)**		(1,947)	
Net current assets			**32,486**		59,051
Net assets			**119,024**		130,377
Share capital	14		**25,250**		25,748
Share premium			**53,256**		52,162
Special distributable reserve			**29,602**		40,489
Capital redemption reserve			**3,914**		3,125
Capital reserve realised			**7,698**		9,445
Capital reserve unrealised			**(696)**		(602)
Revenue reserve			**–**		–
Translation reserve			**–**		10
Total shareholders' funds			**119,024**		130,377
Net asset value per share – basic and diluted	9		**47.1p**		50.6p

The statements were approved by the Directors and authorised for issue on 7 May 2019 and are signed on their behalf by:

Murray Steele

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

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Special distributable reserves* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Translation reserve £'000	Total £'000
As at 1 February 2018	**25,748**	**52,162**	**40,489**	**3,125**	**9,445**	**(602)**	**–**	**10**	**130,377**
Total comprehensive income for the year	–	–	–	–	(2,153)	302	668	–	(1,183)
Contributions by and distributions to owners:									
Repurchase and cancellation of own shares	(789)	–	(3,649)	789	–	–	–	–	(3,649)
Issue of shares	291	1,094	–	–	–	–	–	–	1,385
Dividends paid	–	–	(7,238)	–	–	–	(668)	–	(7,906)
Total contributions by and distributions to owners:	**(498)**	**1,094**	**(10,887)**	**789**	**–**	**–**	**(668)**	**–**	**(10,170)**
Other movements:									
Prior year holding gains now realised	–	–	–	–	396	(396)	–	–	–
Transfer of translation reserve	–	–	–	–	10	–	–	(10)	–
Total other movements	**–**	–	**–**	–	**406**	**(396)**	–	**(10)**	–
Balance as at 31 January 2019	**25,250**	**53,256**	**29,602**	**3,914**	**7,698**	**(696)**	**–**	**–**	**119,024**

	Share Capital £'000	Share Premium £'000	Special distributable reserves* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Translation reserve £'000	Total £'000
As at 1 February 2017	**22,603**	**34,231**	**76,144**	**2,832**	**(1,537)**	**7,520**	**–**	**6**	**141,799**
Total comprehensive income for the year	–	–	–	–	1,328	1,532	835	4	3,699
Contributions by and distributions to owners:									
Repurchase and cancellation of own shares	(293)	–	(1,639)	293	–	–	–	–	(1,639)
Issue of shares	3,594	17,931	–	–	–	–	–	–	21,525
Dividends paid	–	–	(34,172)	–	–	–	(835)	–	(35,007)
Total contributions by and distributions to owners:	**3,301**	**17,931**	**(35,811)**	**293**	**–**	**–**	**(835)**	**–**	**(15,121)**
Other movements:									
Prior year holding gains now realised	–	–	–	–	9,654	(9,654)	–	–	–
Cancellation of Deferred Shares – D shares	(156)	–	156	–	–	–	–	–	–
Total other movements	**(156)**	**–**	**156**	**–**	**9,654**	**(9,654)**	**–**	**–**	**–**
Balance as at 31 January 2018	**25,748**	**52,162**	**40,489**	**3,125**	**9,445**	**(602)**	**–**	**10**	**130,377**

*Included in these reserves is an amount of £36,604,000 (2018: £49,332,000) which is considered distributable to shareholders.

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

Cash Flow Statement

	Notes	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
Cash from operating activities			
(Loss)/Profit after tax		**(1,183)**	3,699
Adjustments for:			
(Increase)/decrease in debtors	12	**(506)**	2,003
Decrease in creditors	13	**(308)**	(2,444)
Loss/(gain)on disposal of fixed assets	10	**531**	(4,186)
Loss on disposal of current assets	11	**127**	–
Gain on valuation of fixed asset investments	10	**(302)**	(1,063)
Gain on valuation of current asset investments	11	**–**	(469)
In-specie dividend		**(139)**	–
Cash from operations		**(1,780)**	(2,460)
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(17,509)**	(2,051)
Disposal/(purchase) of current asset investments	11	**35,000**	(53,000)
Proceeds on sale of fixed asset investments	11	**2,207**	48,858
Net cash flows from investing activities		**19,698**	(6,193)
Cash flows from financing activities			
Purchase of own shares	14	**(3,649)**	(1,639)
Share issues		**–**	16,119
Dividends paid		**(6,521)**	(29,601)
Net cash flows from financing activities		**(10,170)**	(15,121)
Increase/(decrease) in cash and cash equivalents		**7,748**	(23,774)
Opening cash and cash equivalents		**5,455**	29,229
Closing cash and cash equivalents		**13,203**	5,455

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

Notes to the Financial Statements

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

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

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ("GAAP"), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued 2014 and updated in February 2018 with consequential amendments)).'

The principal accounting policies have remained materially unchanged from those set out in the Company's 2018 Annual Report and Financial Statements.

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

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

Investment valuation policies are those that are most important to the depiction of the Company's financial position and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the Financial Statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by the Company are disclosed in note 10. Whilst not all of the significant accounting policies require subjective or complex judgements, the Company considers that the following accounting policies should be considered critical.

Key judgements and estimates

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

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Unquoted investments are valued in accordance with current IPEV guidelines (December 2018), although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of the subsidiary companies of investee companies and liquidity or marketability of the investments held. Quoted investments are valued at the closing bid price on the year end date.

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

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

The revenue column of the Income Statement includes revenue income and revenue expenses of the Company. The capital column includes changes in fair value of investments, as well as gains and losses on disposal and any capital dividends received. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement.

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

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

The Company does not have any externally imposed capital requirements.

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

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

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

Special distributable reserves: includes cancelled share premium available for distribution.

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

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

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

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

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

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

2. Investment income

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

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

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

Disclosure

	31 January 2019 £'000	31 January 2018 £'000
Loan note interest receivable	**3,430**	3,567
Dividends receivable	**39**	37
Other income	**–**	23
In-specie dividend*	**139**	–
	3,608	3,627

*The Company received shares in Renalytix plc as a result of an in-specie dividend from EKF Diagnostics Holdings plc. This has been treated as capital income.

3. Investment management fees

	31 January 2019			31 January 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**545**	**1,634**	**2,179**	724	2,171	2,895
Investment performance fee	**–**	**–**	**–**	–	687	687
	545	**1,634**	**2,179**	724	2,858	3,582

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

The management fee, administration and accountancy fees are calculated based on the NAV as at 31 January 2019 which is then multiplied by the number of shares in issue, calculated on a daily basis.

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

The Company also receives a reduction in the management fee for the investment in another Octopus managed fund, being the Octopus Portfolio Manager, to ensure the Company is not double charged on these products. This amounted to £64,000 for the year to 31 January 2019 (2018: £92,000).

The Company has established a performance incentive scheme whereby the Manager is entitled to an annual performance related incentive fee in the event that certain performance criteria are met. This scheme is in line with industry standards. Further details of this scheme are disclosed within note 19 to the financial statements. There was no annual performance fee for the year to 31 January 2019 (2018: £687,000).

4. Other expenses

Accounting Policy

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

Disclosure

	31 January 2019 £'000	31 January 2018 £'000
Impairment of accrued loan note interest receivable	**1,041**	573
Ongoing commission	**431**	583
Accounting and administration services	**377**	451
Other administration expenses	**204**	209
Directors' fees	**100**	100
Registrars' fees	**80**	128
Fees payable to the Company's auditor for audit services	**23**	15
Merger costs	**–**	7
Fees payable to the Company's auditor for other services – Tax compliance	**–**	2
	2,256	2,068

The total expense ratio for the Company for the year to 31 January 2019 was 3.2% (2018: 2.9%). Total annual running costs are capped at 3.3% of net assets. This figure excludes any extraordinary items, costs related to mergers, adviser charges and performance fees but does include the bad debt provision relating to non-recovery of interest from a portfolio company, excluding which total running costs would be 2.3% (2018: 2.5%).

The fees payable to the Company's auditor are stated net of VAT and the VAT is included within other administration expenses. No non-audit services were provided by the Company's auditor.

5. Directors' remuneration

Total Directors' fees paid during the year were £100,000 (2018: £100,000). This excludes Employer's National Insurance contributions of £9,000 (2018: £9,000). The highest paid director received £30,000 (2018: £30,000). None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was four (2018: four).

6. Tax on ordinary activities

Accounting Policy

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

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

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

Disclosure

	31 January 2019			31 January 2018*		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before tax	**668**	**(1,851)**	**(1,183)**	835	2,864	3,699
Tax at 19% (2018: 19.1%)	**127**	**(352)**	**(225)**	160	547	707
Effects of:						
Non-taxable dividend income	**(8)**	**(26)**	**(34)**	(7)	–	(7)
Non-taxable capital gains/(losses) on valuations and disposals		**68**	**68**	–	(1,111)	(1,111)
Expenses not deductible for tax purposes	**–**	**3**	**3**	–	3	3
Excess management expenses on which deferred tax not recognised	**(119)**	**307**	**188**	(153)	561	408
Total tax charge	**–**	**–**	**–**	–	–	–

*The tax note to 31 January 2018 has been amended to reflect adjustments made when the tax computation was reviewed by the external tax adviser.

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

At 31 January 2019 there is an unrecognised deferred tax asset of £665,000 (2018: £496,000) in respect of surplus management expenses, based on a prospective tax rate of 17%. This deferred tax asset could be used in future to offset any taxable profits. The reduction in the standard rate of corporation tax was substantively enacted on 26 October 2016 and will be effective from 1 April 2020.

7. Dividends

Accounting Policy

Dividends payable are recognised as distributions in the Financial Statements when the Company's liability to make payment has been established. This liability is established on the record date, the date on which those shareholders on the share register are entitled to the dividend. Dividends are first paid from any revenue reserve and the remainder is paid from distributable capital reserves.

Disclosure

	31 January 2019 £'000	31 January 2018 £'000
Dividends paid on ordinary shares		
Final dividend – 1.6p paid 29 June 2018 (2018: 1.7p)	**4,092**	4,241
Interim dividend – 1.5p paid 23 November 2018 (2018: 1.6p)	**3,814**	4,111
Special dividend – nil (2018: 10.7p)	**–**	26,655
	7,906	35,007

During the year £1,385,000 (2018: £5,406,000) of dividends were reinvested under DRIS, see note 14.

Under Section 32 of FRS 102 'Events After Balance Sheet Date', dividends payable at year end are not recognised as a liability in the financial statements.

	31 January 2019 £'000	31 January 2018 £'000
Dividends paid and proposed in respect of the year – Ordinary shares		
Interim dividend – 1.5p paid 23 November 2018 (2018: 1.6p per share)	**3,814**	4,111
Special dividend – nil (2018: 10.7p)	**–**	26,655
Final dividend proposed – 1.5p payable 9 August 2019 (2018: 1.6p)	**3,787**	4,093
	7,601	34,859

The final dividend of 1.5p per share for the year ended 31 January 2019, which is subject to shareholder approval at the AGM, will be paid on 9 August 2019 to shareholders on the register on 19 July 2019.

8. Earnings per share

	31 January 2019			31 January 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/Profit attributable to ordinary shareholders (£'000)	**668**	**(1,851)**	**(1,183)**	835	2,864	3,699
(Loss)/Earnings per ordinary share (p)	**0.3**	**(0.7)**	**(0.4)**	0.3	1.2	1.5

The earnings per share is based on 255,593,108 (2018: 248,105,555) shares, being the weighted average number of shares in issue during the year.

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

9. Net asset value per share

	31 January 2019 Ordinary Shares	31 January 2018 Ordinary Shares
Net Assets (£)	**119,024,000**	130,377,000
Shares in issue	**252,496,695**	257,483,600
Net Asset Value per share (p)	**47.1**	50.6

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

Accounting Policy

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

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

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

In the case of unquoted investments, fair value is established by assessing different methods of valuation, such as price of recent transaction, earnings multiples, discounted cash flows and net assets. This is consistent with IPEV guidelines (2018).

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

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

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

Fair value hierarchy
Paragraph 34.22 of FRS 102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by Apollo and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

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

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

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

There have been no transfers between these classifications in the year (2018: two). The change in fair value for the current and previous year is recognised through the income statement.

All items held at fair value through profit or loss were measured as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 January 2019 are summarised below.

Disclosure

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Book cost at 1 February 2018	6,211	66,187	72,398
Unrealised gain/(loss) at 1 February 2018	1,990	(3,062)	(1,072)
Valuation at 1 February 2018	**8,201**	**63,125**	**71,326**
Movement in the year:			
Purchases at cost	231	17,278	17,509
In-specie dividend (see note 2)	139	–	139
Disposal proceeds	(116)	(2,091)	(2,207)
Loss on realisation of investments	(1,133)	602	(531)
Change in fair value in year	(1,633)	1,935	302
Closing valuation at 31 January 2019	**5,689**	**80,849**	**86,538**
Cost at 31 January 2019	6,143	81,337	87,480
Unrealised gain at 31 January 2019	(454)	(488)	(942)
Valuation at 31 January 2019	**5,689**	**80,849**	**86,538**

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

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

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

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 7 to 14.

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

Investee company	Country of incorporation	Sector	Profit/(loss) before tax £'000	Net assets/ (liabilities) £'000	% equity held by Octopus Apollo VCT plc
Superior Heat Limited	United Kingdom	Ground source heat	(72)	(139)	100
Acquire Your Business Limited	United Kingdom	Business Services	122	1,178	81.0

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

11. Current Asset Investments and Cash at Bank

Accounting Policy

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

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

Disclosure

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

	Level 1: OEIC investments £'000
Book cost at 1 February 2018	53,000
Unrealised gain	469
Valuation at 1 February 2018	**53,469**
Movement in the year:	
Disposal proceeds	(35,000)
Realised loss on disposal	(127)
Closing valuation at 31 January 2019	**18,342**
Cost at 31 January 2019	18,096
Unrealised gain at 31 January 2019	246
Valuation at 31 January 2019	**18,342**

	31 January 2019 £'000	31 January 2018 £'000
OEICs:		
Octopus Portfolio Manager – Cash	**9,320**	24,216
Octopus Portfolio Manager – Cash Plus	**9,022**	14,604
Octopus Portfolio Manager – Defensive Capital Growth	**–**	14,649
Total current asset investments	**18,342**	53,469
Cash at bank	**13,203**	5,455

12. Debtors

	31 January 2019 £'000	31 January 2018 £'000
Accrued Income	**2,279**	1,219
Other debtors	**282**	833
Prepayments	**19**	22
	2,580	2,074

13. Creditors: amounts falling due within one year

	31 January 2019 £'000	31 January 2018 £'000
Trade creditors	**821**	153
Accruals	**785**	1,793
Other creditors	**33**	1
	1,639	1,947

At 31 January 2019, Other creditors included £33,000 (2018: £nil) of funds to be allotted as shares for rebated advisor charges.

Accruals included nil for the performance fee due to Octopus (2018: £687,000).

14. Share capital

	31 January 2019 £'000	31 January 2018 £'000
Allotted and fully paid up:		
252,496,695 Ordinary shares of 10p (2018: 257,483,600)	**25,250**	25,748

The Company issued the following Ordinary shares during the year:

Date	Number of shares	Price per share (p)	Net proceeds from share issues (£)
27 July 2018 (DRIS)	1,453,722	49.0	713,000
17 December 2018 (DRIS)	1,447,907	46.4	672,000
Total	**2,901,629**		**1,385,000**

The Ordinary shares issued during the year were issued at a weighted average price of 47.7p.

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

Date	Number of shares	Price per share (p)	Total cost of shares repurchased (£)
11 May 2018	650,000	48.6	316,000
16 May 2018	1,024,234	48.6	498,000
20 July 2018	580,000	47.1	273,000
31 July 2018	1,313,231	47.1	619,000
3 October 2018	360,000	46.0	166,000
5 October 2018	738,864	46.0	340,000
30 November 2018	1,281,205	44.6	571,000
21 December 2018	619,000	44.6	276,000
31 January 2019	1,322,000	44.6	590,000
Total	**7,888,534**		**3,649,000**

The Ordinary shares repurchased for cancellation during the year were cancelled at a weighted average price of 46.4p. The total nominal value of the shares repurchased for cancellation was £789,000 representing 3.1% of the issued share capital.

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 2. The Company is not subject to any externally imposed capital requirements.

Capital management is monitored and controlled using the internal control procedures set out on page 22 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

15. Reconciliation of movements in equity

	31 January 2019 £'000	31 January 2018 £'000
Shareholders' funds at start of year	**130,377**	141,799
(Loss)/Profit after tax	**(1,183)**	3,699
Shares bought for cancellation	**(3,649)**	(1,639)
Issue of shares (net of issue costs)	**1,385**	21,525
Dividends paid	**(7,906)**	(35,007)
Shareholders' funds at end of year	**119,024**	130,377

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

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

	£'000
As at 1 February 2018	**49,332**
Movement in year	(12,728)
As at 31 January 2019	**36,604**

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

The purpose of the special distributable reserve is to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount to net asset value at which the Company's Ordinary shares trade.

16. Financial instruments and risk management

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

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the Balance Sheet at fair value, at 31 January 2019 and 31 January 2018:

	31 January 2019 £'000	31 January 2018 £'000
Financial assets at fair value through profit or loss		
Fixed asset investments	**86,538**	71,326
Current asset investments	**18,342**	53,469
Total	**104,880**	124,795
Financial assets at amortised cost		
Cash at bank	**13,203**	5,455
Accrued income	**2,279**	1,219
Total	**15,482**	6,674
Financial liabilities at amortised cost		
Accruals and other creditors	**1,639**	1,947
Total	**1,639**	1,947

Fixed and current asset investments (see note 10 and 11) are valued at fair value. For quoted investments this is bid price. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines as detailed within the Investment Managers Review. The fair value of all other financial assets and liabilities are represented by their carrying value in the Balance Sheet. The Directors believe that the fair value of the assets held at the year-end is equal to their carrying value.

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

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

Market risk
The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 2. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Directors' Report on pages 16 to 19, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the Balance Sheet date are set out on page 9.

67.9% (31 January 2018: 48.4%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 10% overall increase in the valuation of the unquoted investments at 31 January 2019 would have increased net assets and the total profit for the year by £8,085,000 (31 January 2018: £6,313,000). An equivalent change in the opposite direction would have reduced net assets and the total profit for the year by the same amount.

A number of investment valuations are based on earnings multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 10% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

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

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

	31 January 2019			31 January 2018		
	Total interest rate portfolio by value £'000	**Weighted average interest rate %**	**Weighted average time for which rate is fixed Years**	Total interest rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years
Unquoted interest bearing investments	**29,075**	**10.6**	**4.1**	23,895	9.7	3.9

Floating rate
The Company's floating rate investments comprise cash held on interest-earning deposit accounts and, where appropriate, within interest-earning money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.75% at 31 January 2019 (31 January 2018: 0.50%). The amounts held in floating rate investments at the Balance Sheet date were as follows:

	31 January 2019 £'000	31 January 2018 £'000
Cash on deposit	**13,203**	5,455

Every 1% increase or decrease in the base rate would increase or decrease income receivable from these investments and the total profit for the year by £132,030 (2018: £54,550).

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

At 31 January 2019 the Company's financial assets exposed to credit risk comprised the following:

	31 January 2019 £'000	31 January 2018 £'000
Investments in interest bearing instruments	**29,075**	23,895
Cash on deposit	**13,203**	5,455
Accrued dividends and interest receivable	**2,279**	1,219
	44,557	30,569

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

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

The Company's interest-earning deposit and current accounts are maintained with HSBC Bank plc. The Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC Bank plc deteriorate significantly the Manager will move the cash holdings to another bank.

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

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

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2019 these investments were valued at £31,545,000 (2018: £58,924,000).

17. Events after the end of the reporting period

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

- The Company invested a total of £7.2 million into two new qualifying investments.
- Four follow-on investments completed totalling £4.0 million.
- The Company has announced its intention to launch a new offer for subscription in May 2019 to raise up to £20 million with an over-allotment facility of a further £10 million.

18. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments as at 31 January 2019 (2018: none).

19. Transactions with manager

Apollo has employed Octopus throughout the year as the Manager. Apollo has incurred £2,179,000 (2018: £2,895,000) in management fees due to Octopus in the year. At 31 January 2019 there was £337,000 outstanding (2018: £647,000). The management fee is payable quarterly in arrears and is based on 2% of the NAV calculated daily from 31 January.

No performance related incentive fee was payable over the first five years. Now this time has passed, Octopus is entitled to an annual performance related incentive fee. This performance fee is equal to 20% of the amount by which the NAV from the start of the sixth accounting and subsequent accounting period exceeds simple interest of the Bank of England base rate for the same period and is in line with industry standards. The NAV at the start of the sixth accounting period must be at least 100p. Any distributions paid out by the Company will be added back when calculating this performance fee.

The Board considers that the liability becomes due at the point that the performance criteria are met. As at 31 January 2019 these criteria had not been met and as a result Octopus is not entitled to a performance fee (2018: £687,000).

Octopus also provides accounting and administrative services to the Company, payable quarterly in arrears, for a fee of 0.3% of the NAV calculated daily as at 31 January. During the year £377,000 (2018: £353,000) was paid to Octopus and there was £90,000 (2018: £98,000) outstanding at the Balance Sheet date, for the accounting and administrative services. In addition, Octopus also provided company secretarial services for a fee of £20,000 per annum (2018: £20,000).

The Company is also invested into a discretionary management service operated by a separate investment team within Octopus, included in Current Asset Investments on the Balance Sheet. An arrangement is in place whereby the Company receives a reduction in management fees as a percentage of the value of these investments, to ensure the Company is not double charged on these investments. During the year the management fee was reduced by £64,000 (2018: £92,000) under this arrangement.

20. Related Party transactions

Octopus receives transaction fees and directors' fees from investee companies. During the year ended 31 January 2019, fees of £422,000 attributable to the investments of the Company were received by Octopus (2018: £241,000).

Shareholder Information and Contact Details

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

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

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

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

Further details of the Company's progress are discussed in the Chairman's Statement and Investment Manager's Review on page 3 and pages 7 and 8 respectively.

Venture Capital Trusts (VCTs)

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

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

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

- at least 70% of the Company's investments must comprise 'qualifying holdings'* (as defined in the legislation), increasing to 80% from 6 April 2019;
- for cash raised in accounting periods beginning on or after 5 April 2018, at least 30% of the funds raised must be invested into qualifying holdings within twelve months of the end of the accounting period in which they were raised;
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

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

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

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

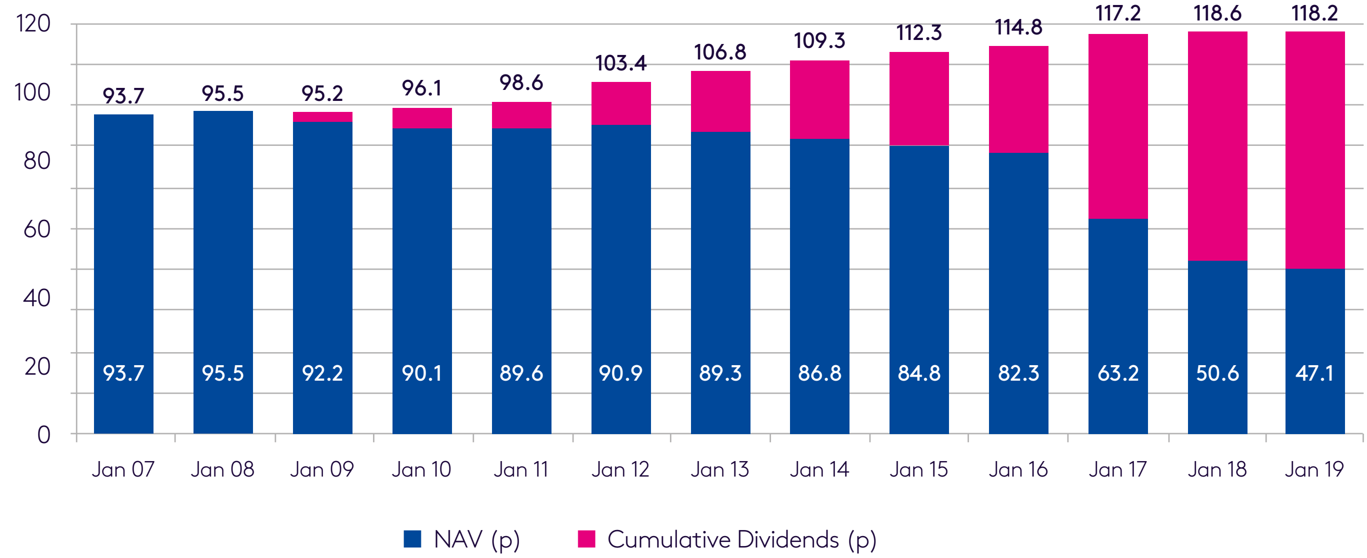
Dividends

Dividends are paid by Computershare Investor Services PLC ("Computershare") on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at: **www-uk.computershare.com/investor/**.

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

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

Total Value Since Inception (unaudited)



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

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

The final dividend of 1.5p per Ordinary share will be paid on 9 August 2019 to shareholders on the register on 19 July 2019.

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

Share Price

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

	Ordinary shares
TIDM/EPIC code	OAP3
Latest share price (3 May 2019)	43.4p per share

Buying and Selling Shares

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

Buyback of Shares

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

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

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

Secondary market

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

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

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

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to the Company's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: **www-uk.computershare.com/investor/**. Computershare's contact details are provided on page 57.

Other Information for Shareholders

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

Electronic Communications

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

Warning to Shareholders

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

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

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

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

Directors and Advisers

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

Company Number
Registered in England & Wales
No 05840377

Secretary and Registered Office
Parisha Kanani*
33 Holborn
London
EC1N 2HT

*Nicola Board resigned on 9 April 2018.

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EC1N 2HT
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Corporate Broker
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Registrars
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Tel: 0370 703 6327
(calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.
www.computershare.com/uk
www-uk.computershare.com/investor/

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Octopus Apollo VCT plc will be held at 33 Holborn, London, EC1N 2HT on Thursday, 11 July 2019 at 4.00 pm for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolutions 7 and 8 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the financial statements for the year to 31 January 2019 and the Directors' and Auditor's Reports thereon.

2. To approve a final dividend of 1.5 pence per share.

3. To approve the Directors' Remuneration Report.

4. To re-elect Murray Steele as a Director.

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

Special Business

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

6. Authority to allot relevant securities
THAT the Directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to allot shares up to a maximum of 25,249,669 shares (representing approximately 10% of the issued Ordinary share capital at the date of this Notice) this authority to expire at the later of the conclusion of the Company's next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the Company in general meeting but so that such authority allows the Company to make Offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority).

7. Disapplication of pre-emption rights
TO empower the Directors pursuant to s571(1) of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in resolution 8 as if s561(1) of the said Act did not apply to any such allotments and so that:

(a) reference to allotment in this Resolution shall be construed in accordance with s560(1) of the said Act; and

(b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the AGM of the Company next following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this resolution. The authority being sought under this Resolution is in addition to existing authorities.

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

(a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 37,849,254 Ordinary shares, representing approximately 14.99% of the present issued Ordinary share capital of the Company as at the date of this notice;

(b) the minimum price which may be paid for an Ordinary share shall be 10p;

(c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to (i) 105% of the average of the middle market quotation for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

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

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

By Order of the Board

Parisha Kanani
Secretary
7 May 2019

Notes:

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

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

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

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

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

(e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should note that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

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

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

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

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

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

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

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

(ii) It is defamatory of any person; or

(iii) It is frivolous or vexatious.

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

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

(j) As at 3 May 2019 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 252,496,695 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 May 2019 are 252,496,695.