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ProVen VCT plc



Report & Accounts

For the year ended
28 February 2003

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SHAREHOLDER INFORMATION

The Company

ProVen VCT plc was incorporated on 18 January 2000. In April 2000, the company obtained a listing on the London Stock Exchange, having raised approximately £22 million (before expenses) through an offer for subscription of new ordinary shares at 100p. The company has been provisionally approved as a Venture Capital Trust by the Inland Revenue.

The Manager

ProVen VCT plc is managed by Beringea Limited, an independent fund management company based in London. Beringea is part of the Beringea Group, which currently manages or advises venture capital funds totalling approximately £130 million, including Guinness Flight Venture Capital Trust plc and ProVen Media VCT plc.

Venture Capital Trusts

Venture Capital Trusts (VCTs) were introduced in the Finance Act 1995 and are intended to provide a means whereby individual investors can invest in small unquoted trading companies in the UK, with incentives in the form of a number of tax benefits. The range of benefits available to investors includes:

- Income tax relief at 20% on new subscriptions
- Deferral of tax on certain chargeable gains to the extent the gain is re-invested in new shares in a VCT
- Exemption from income tax on dividends paid by VCTs (such dividends may include the VCT's capital gains as well as its income)
- Exemption of capital gains tax on disposals of shares in VCTs

ProVen VCT has been provisionally approved as a VCT by the Inland Revenue. In order to maintain its approval the company must comply with certain requirements on a continuing basis; in particular, within three years from the date of provisional approval at least 70% by value of the company's investments must comprise "qualifying holdings", of which at least 30% by value must be in eligible ordinary shares. A "qualifying holding" consists of up to £1 million invested in any one year in new shares or securities in an unquoted company which is carrying on a qualifying trade and whose gross assets do not exceed £15 million at the time of investment. For the purposes of these criteria, unquoted companies include companies whose shares are traded on the Alternative Investment Market.

As with investment trusts, capital gains accruing to VCTs are not chargeable gains for Corporation Tax purposes.

Financial Calendar

The company's financial calendar for the year ending 28 February 2004 is as follows:

Annual general meeting 2003	22 July 2003
Interim report for six months to 31 August 2003 published	October 2003
Preliminary announcement of results for the year to 28 February 2004	May 2004
Annual general meeting 2004	July/August 2004

Share Price

The mid-market price of shares in ProVen VCT plc is reported daily in the Financial Times and appears under the heading "Investment Companies".

FINANCIAL SUMMARY

	Year ended 28 February 2003	Year ended 28 February 2002	Period ended 28 February 2001
Revenue return per share for the year	1.2p	2.4p	2.8p
Total return per share for the year	(16.1)p	(5.2p)	3.6p
Dividend per share	1.0p	2.3p	2.4p
Cumulative dividend per share	5.7p	4.7p	2.4p
Net asset value per share	71.4p	88.4p	96.0p
NAV total return per share (net asset value plus cumulative dividend per share)	77.1p	93.1p	98.4p
Mid-market price per share	65.0p	90.0p	100.0p
Shareholders' funds (£000)	15,639	19,406	21,084

INVESTMENT OBJECTIVE

ProVen VCT plc is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995. The company's principal objectives as set out in the prospectus are to maximise tax-free capital and income returns to shareholders, over a five to ten year period, by investing in a portfolio consisting mainly of qualifying investments in established smaller UK companies with good growth prospects.

CHAIRMAN'S STATEMENT

I am pleased to report that ProVen VCT completed its third year of activity with a qualifying investment total of 75% representing a reasonable margin over the 70% required by the Venture Capital Trust regulations. Once again the year was characterised by economic uncertainty, although the rate of decline in values reduced compared to that in the previous year. The investment manager had rightly been slow to invest in 2001-2002 but took advantage of improved conditions in your company's target market and invested a total of £8.9 million during the year. Inevitably the continuing decline in UK equity markets has influenced the portfolio valuation at the year-end. However, in the longer term your board continues to be optimistic that our portfolio of investments will gradually experience an improvement in their prospects.

Investment Portfolio

The year to 28 February 2003 was one of considerable activity in the portfolio. Nine new investments and seven follow-on investments were completed; there was one disposal and a partial redemption of loan stock by one investee company. Investment activity has continued since the end of February, with one new company added to the portfolio and another follow-on investment completed – completion of these investments has brought the qualifying investments total to 79% at today's date.

At the balance sheet date, your company had a portfolio of twenty-three companies with a total cost of £15.7 million and a value of £11.9 million, covering a broad spectrum of business sectors, stage of development and size of company. The value of the portfolio fell during the year by £3.4 million and, whilst disappointing, this 23% fall in value was less than the decline in the public markets, where the FTSE AIM index and the FTSE AllShare Index fell by 33% and 29% respectively.

Further details on portfolio activity are set out in the Investment Manager's Review.

Revenue and Dividends

During the year the fixed interest portfolio was reduced and the proceeds invested in VCT qualifying investments so as to meet the qualifying target at the year-end. VCT investments have a lower yield, if any yield at all, and as a result the company's revenue profit has fallen sharply this year. Net revenue after tax for the year was £268,000 compared to £522,000 in 2002, and the revenue return per share was 1.2p (2002 – 2.4p). During the financial year under review, ProVen VCT paid an interim dividend of 1.0p per share. However, the significant reduction in income in the second half of the financial year means that the directors are not recommending the payment of a final dividend for the year. The company has therefore reached a stage in its development where future dividend payments are likely to be dependent on capital profits generated from investment realisations. However, the extent and timing of capital gains are difficult to predict with any certainty and shareholders should not expect regular dividend payments going forward.

Net Asset Value

The net asset value per share at 28 February 2003 was 71.4p after deducting the interim dividend paid, compared to 88.4p at the end of the previous financial year. This decline equates to 18.1% over the year after adding back the effect of the dividend, and compares relatively well to the falls in the FTSE AIM and FTSE AllShare Indices mentioned previously in this review.

Share Buy Backs

In February 2003, your company purchased 27,047 shares in the market for cancellation, at a cost of £17,716, representing a discount of 17% to the previously published net asset value. In order to maintain the company's ability to purchase its own shares where this is in the interests of shareholders, the board will at the forthcoming annual general meeting once again be seeking shareholder approval to renew its authority to purchase shares in the market. Any shareholder wishing to sell shares should contact Downing Corporate Finance in the first instance. Contact details are on page 6 of this Annual Report.

Board Change

Gordon Power has resigned from the board with effect from today's date. For the last year he has represented the investment manager on the board, and your board has appreciated his insight and experience in the capacity of director. Beringea has stated that his advice will continue to be available, including as a part of the Beringea Investment Committee and also as a representative of your company on investee company boards for as long as he is required. From today's date, the investment manager will be represented on the board by Alexander Spiro Jr., a co-founder of Beringea LLC, the US parent company of the investment manager since November 2001. He will join the board as a non-executive director.

Prospects

ProVen VCT is now effectively fully invested, with cash resources being retained largely to fund developments in portfolio companies. Little significant new investment is expected in the short-term and the investment manager will continue to work closely with the portfolio companies to maximise performance and to generate exit opportunities wherever possible. The recent stability in financial markets gives your board grounds for optimism that a number of portfolio companies may gradually experience an improvement in their prospects. Although substantial profit realisations are unlikely at this early stage, particularly in these markets, there are nonetheless grounds for hope that the portfolio will develop satisfactorily in the longer term. The objective of the company remains the generation of tax-free returns to shareholders over the medium-term.

Manager and Staff

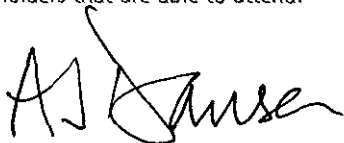
Your board would like to take this opportunity to acknowledge the commitment and professionalism of the investment manager and its staff in attaining the first objective of meeting the Inland Revenue qualifying investment level. In addition, some early stage investments have made particularly heavy demands on the manager which the board judges essential to realise their potential.

Annual General Meeting

The annual general meeting will be held at 11.00 a.m. on 22 July 2003 at 180 Strand, London, WC2R 1BL. I look forward to meeting those shareholders that are able to attend.

Andrew Davison
Chairman

16 May 2003

A handwritten signature in black ink, appearing to read 'A. Davison', written over the printed name and title.

MANAGEMENT AND ADMINISTRATION

Registered Office & Registered Number

17-18 Henrietta Street
London
WC2E 8QH
Tel: 020 7845 7820
Registered in England & Wales
No. 3911323

Investment Manager

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WC2E 8QH
info@beringea.co.uk

*Beringea Limited is authorised and regulated by the
Financial Services Authority*

VCT Adviser

PricewaterhouseCoopers LLP
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Auditor

Deloitte & Touche
London

Registrar

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Fixed Income Securities Adviser

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EC2V 7QP

Company Secretary

Hutton Corporate Services Limited
15 Hutton Road
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GU12 5EY

Financial Adviser

Downing Corporate Finance Limited
69 Eccleston Square
London
SW1V 1PJ
020 7416 7780
info@downing.co.uk

DIRECTORS

Andrew Davison FCA (Chairman), aged 60, is chairman of Pennine Downing Ethical VCT plc and City of London Investment Management Group PLC and is currently on the boards of a number of quoted and unquoted companies including ProVen Media VCT plc. He was formerly chairman and chief executive of Business Mortgages Trust plc from 1987 to 1991. He joined County Bank Limited in 1972 and by 1984 had become managing director of NatWest Ventures Limited, which specialised in unquoted investments. He is a former council member of the British Venture Capital Association.

Nicholas Lewis MA MSc (47) is a director of Downing Corporate Finance Limited, which he founded in 1986. Downing specialises in promoting and administering tax based investments, having raised over £200 million since 1992. He was a founding director of HIT Entertainment PLC in 1989. He is currently a director of ten other VCTs, including ProVen Media VCT plc, which together have raised over £130 million. He was formerly with NatWest Ventures Limited and before that with Apax Partners and Co. Limited.

Gordon Power (49) is non-executive chairman of Beringea Limited. In March 1998, he led the management buy-out of Beringea from Guinness Mahon Group Limited. He has had extensive experience in investing in unquoted companies and serves as a non-executive director on the boards of several unquoted companies. He is also a director of ProVen Media VCT plc.

Ernest Sharp FCA (72) is a director of Guinness Flight Venture Capital Trust PLC and Henry J Bean's Group PLC. For ten years, up until 1995, he was a member of the Investment Board of Electra Candover Direct Investment Plan.

Tom Sooke MA MBA FCA (58) is chairman of ProVen Media VCT plc, on the board of Quester VCT plc and, over the past ten years, he has been a non-executive director of a number of quoted and unquoted companies. Previously, he was a partner in Deloitte & Touche, co-managing the firm's corporate advisory group in London. Prior to that he was a corporate finance director at Granville Holdings plc, now part of Granville Baird Group Limited, where he also established and managed its main private equity fund activity from 1980 to 1987.

Alexander Spiro, Jr. (55) is a senior managing director of Beringea LLC, an investment banking and fund management group based in Michigan, USA that is the ultimate parent company of Beringea Limited. He is responsible for the business development of the Beringea Group and is a member of the advisory board of Investcare Partners, a limited partnership fund managed by Beringea LLC that invests in venture capital opportunities in the healthcare sector. Prior to joining Beringea LLC he spent more than 30 years as an entrepreneur in the healthcare sector.

All directors are non-executive.

Audit Committee: Andrew Davison, Nicholas Lewis, Ernest Sharp, Tom Sooke

INVESTMENT MANAGER'S REVIEW

This review covers the year ended 28 February 2003, a year of significant investment activity for the company. In our half-year review, we reported an easing in the relatively difficult investment conditions that had prevailed during the first two years or so of the company's activity, and we took full advantage of this during the year to complete nine new and seven follow-on investments totalling £8.9 million. The company reached the year-end with a VCT qualifying investment total of 75%, which has been augmented since the end of the financial year with one further new investment and a small follow-on investment. The qualifying investment total stands at 79% at the date of this report, giving the company a reasonable headroom over the 70% required by the Venture Capital Trust regulations.

Investment Manager Change of Name

On 24 March 2003, ProVen Private Equity Limited, the investment manager of ProVen VCT, changed its name to Beringea Limited. This change represented the culmination of our merger with the US fund management and investment banking group, Beringea LLC, that was highlighted in last year's Annual Report. The name change applies only to the investment manager and the name of your company remains ProVen VCT.

New Investment and Portfolio Activity

A total of £7.1 million was invested in nine new companies during the year, each of which was qualifying for VCT purposes. A summary of new investments is given below and further details of the larger investments are available in the Top Ten Investments on pages 11 to 15. All new investments were made alongside other funds as part of a larger overall investment.

Company	Activity	Cost £000	Value £000
VI Group plc*	CAD/CAM software supplier	250	172
LFR plc (t/a Loch Fyne Restaurants)	Branded seafood restaurants	1,000	1,000
Cardpoint plc*	Independent ATM operator	997	1,171
Nectar Taverns Plc	Freehold pub investment company	1,000	1,000
Ashcol Limited	Educational printing	1,000	1,000
Horncastle Industries Limited	Steel fabrication and modular buildings	1,000	800
Centurion Electronics plc*	In-car entertainment systems	175	219
Ma Potter's Limited	Branded restaurant chain	700	700
Notability Solutions Limited	IT solutions provider	1,000	1,000
Total		<u>7,122</u>	<u>7,062</u>

* AIM-listed investment

Follow-on investments totalling £1.8 million were made in seven portfolio companies. The majority of this investment was made in the first half of the year and reported on in our review in the Interim Report and Accounts; since that date, further funds totalling £300,000 have been invested in Espresso Broadband and £59,000 in Baby Innovations, both early stage companies that have required additional shareholder support to finance their development.

During the second half of the year, we finalised the sale of the company's investment in The Keen Group Limited at a loss of £429,000 on cost of £495,000. It is never pleasing to report a loss on this scale, but despite the considerable support we gave this early stage company, we were unable to recover a higher value for shareholders.

On a brighter note, the company received two redemptions of loan stock totalling £129,000 from its investment in Copyright Promotions Group Limited during the year. This investment now has a residual cost of £266,000 and its performance has permitted an increase in valuation to £507,000 at the year-end.

Since the year-end, we have completed one new investment of £800,000 in the management buyout of Zenith Entertainment Limited, one of the leading independent television production companies in the UK.

Portfolio Valuation

At the year-end, the company's unquoted and AIM investment portfolio comprised twenty-three companies with a total cost of £15.7 million and a value of £11.9 million. Full details are shown on page 10.

In overall terms, the unquoted and AIM investment portfolio fell in value by 23% or £3.4 million during the year. This was due in large part to the direct effect of the decline in public markets on the AIM investments, whose aggregate value fell by £1.9 million, or 37%, compared to a fall in the FTSE AIM index of 33%.

The fall in the value of the unquoted portfolio was less dramatic at £1.5 million or 16% over the year. This in part reflects the significant levels of investment in the last year and the policy of valuing investments made within that period at cost unless there has been a significant deterioration in business performance. The board of ProVen VCT has also accepted our recommendation to increase the value of Copyright Promotions Group. This upward revaluation has partially offset the provisions made against the cost of investment in five companies in the unquoted portfolio that are experiencing difficulties, in part because of the early stage nature of their businesses and in part due to factors specific to their markets. This is in addition to the full provision taken against the investment in Bond IT Limited during the year when its trading subsidiary was placed in receivership.

The spread of industry sectors achieved in the portfolio at the year-end was as follows:

Sector	% of Total Unquoted Investments at Cost
Media & IPR (including brands)	52.0
Support services	16.9
Leisure	6.4
Information technology	11.4
Construction & related services	9.5
Healthcare	3.8

Management of Liquid Funds

The company's portfolio of fixed interest securities has been realised in large part during the year to fund the investment in unquoted stocks highlighted in this review. At the year-end the fixed interest portfolio managed by Investec Asset Management Limited amounted to £2.3 million.

Prospects

Having now achieved reasonable headroom over the VCT qualifying investment target, our focus is on maximising value from the portfolio. This will take time, as the current market conditions, which have been favourable for unquoted investment, are not necessarily supportive of profitable disposal opportunities. This applies to the AIM investments in particular. In addition, we anticipate that the few early stage companies in the portfolio will continue to require our careful monitoring and support going forward if they are to achieve their potential. Nevertheless, other portfolio companies give us reason to be cautiously optimistic about the long-term prospects for the portfolio as a whole.

Beringea Limited

16 May 2003

INVESTMENT PORTFOLIO

At 28 February 2003

	Cost £000	Valuation £000	% of net assets
Qualifying investments			
Cardpoint plc*	997	1,171	7.5
Nectar Taverns Plc	1,000	1,000	6.4
Ashcol Limited	1,000	1,000	6.4
LFR plc (t/a Loch Fyne Restaurants)	1,000	1,000	6.4
Notability Solutions Limited	1,000	1,000	6.4
Horncastle Industries Limited	1,000	800	5.1
UBC Media Group plc*	1,101	788	5.0
Mergermarket Limited	780	780	5.0
Ma Potter's Limited	700	700	4.5
Espresso Broadband Limited	1,052	593	3.8
Linguaphone Group plc	605	500	3.2
Oasis Healthcare plc*	670	394	2.5
Chiaros Holdings Limited (t/a TMI)	800	280	1.8
Centurion Electronics plc*	175	219	1.4
The Sport Entertainment & Media Group Plc*	800	216	1.4
Pilat Media Global plc*	315	179	1.1
VI Group plc*	250	172	1.1
Transcomm plc*	380	62	0.4
I D Data plc*	420	12	0.1
Bond iT Limited	500	0	0.0
Total qualifying holdings	14,545	10,866	69.5*
Non-qualifying investments			
Copyright Promotions Group Limited	266	507	3.3
Espotting Media (UK) Limited	333	333	2.1
Baby Innovations S.A. (t/a Steribottle)	594	178	1.1
Total non-qualifying investments	1,193	1,018	6.5
Total unquoted investments	15,738	11,884	76.0
Listed fixed interest investments			
£2,552,000 UK Treasury 8.0% 08/09/03	2,335	2,328	14.9
Unlisted fixed interest investments (Certificates of Deposit)			
£200,000 Credit Agricole Indosuez 4.72% 19/06/03	200	201	1.3
£100,000 ABN AMRO 3.9% 17/06/03	100	100	0.6
	300	301	1.9
Total investment portfolio	18,373	14,513	92.8
Net current assets		1,126	7.2
Shareholders' funds		15,639	100.0

* Investment traded on the Alternative Investment Market ("AIM")

** Expressed as a percentage of the company's net assets at 28 February 2003 as distinct from total investments (as defined in the Venture Capital Trust regulations) which are the basis for the calculation of the qualifying investment totals referred to in the Chairman's Statement.

TOP TEN VENTURE CAPITAL INVESTMENTS

Cardpoint plc* *Lancashire*

Independent automated teller machine operator

Cardpoint owns and/or operates a network of automated teller machines ("ATMs") in the UK. The machines are situated at motorway services areas, petrol stations, pubs, hospitals, hotels and large retail and leisure outlets. ProVen VCT invested alongside ProVen Media VCT and other investors when the company was admitted to AIM in June 2002. The company has performed well and is ahead of its ATM rollout plan with an estate of over 400 machines compared to 188 at the time of admission to AIM. In October 2002 it acquired one of its competitors and successfully integrated the acquired ATMs into the Cardpoint network. The company's share price at 28 February 2003 had risen by 17% since admission to AIM.

Investment date:	June 2002
Equity held:	10.9%
Cost:	£997,000
Valuation:	£1,171,000
Valuation basis:	Mid-market price
Dividends received during the year:	Nil
Last audited accounts:	30 September 2002
Net assets:	£1.5 million
Loss before taxation:	£(757,000)



Nectar Taverns Plc *London*

Freehold pub investment company

Nectar Taverns was established to build a portfolio of non-branded, unthemed freehold public houses to be managed under a management agreement with AIM-quoted Honeycombe Leisure plc. ProVen VCT invested alongside a number of other VCTs, including ProVen Media VCT, in the placing which raised £10 million. Nectar Taverns' focus is on the acquisition of individual and small groups of public houses in the northwest of England. The relationship with Honeycombe Leisure is designed to give the Nectar Taverns' pubs access to experienced managers and beneficial supply terms.

Investment date:	August 2002
Equity held:	24.7%
Cost:	£1,000,000
Valuation:	£1,000,000
Valuation basis:	Cost
Dividends received during the year:	Nil
First audited accounts:	30 April 2003



TOP TEN VENTURE CAPITAL INVESTMENTS *continued*

Ashcol Limited *Hampshire*

Educational printing

Ashcol is a medium sized printing business specialising in the educational and journal sectors. Beringea led the £5 million management buyout of Ashcol in September 2002 in which ProVen VCT invested alongside ProVen Media VCT and Guinness Flight VCT. The business is long established and has a broad customer base of blue chip companies. There is a strong operational management team with significant experience in the printing business and an in-depth knowledge of the company's customer base and operational procedures.

Investment date:	September 2002
Equity held:	23.5%
Cost:	£1,000,000
Valuation:	£1,000,000
Valuation basis:	Cost
Dividends received during the year:	Nil
First audited accounts:	31 March 2003

■ **ASHFORD** *Colour Press Ltd*

LFR plc (t/a Loch Fyne Restaurants) *Scotland*

Branded seafood restaurants

LFR manages 21 fish restaurants throughout the UK under the "Loch Fyne Restaurants" brand. In May 2002 ProVen VCT invested in a £2.7 million financing alongside other institutional investors including ProVen Media VCT and Guinness Flight VCT to enable the company to expand the number of restaurants from 16 to 30 by 2004/2005. The company is well-managed and benefits from strong brand recognition in its market.

Investment date:	May 2002
Equity held:	7.3%
Cost:	£1,000,000
Valuation:	£1,000,000
Valuation basis:	Cost
Dividends received during the year:	Nil
Last audited accounts:	31 December 2002
Net assets:	£6.2 million
Profit before tax:	£252,000



LOCH FYNE RESTAURANTS

Notability Solutions Limited *Surrey*

IT solutions provider

ProVen VCT invested in the management buyout of Notability Solutions, an IBM solutions provider in February 2003. Notability's customers are UK-based corporates with turnover between £200-£800 million. The company has "Premier" partner accreditation with IBM. This is the highest level of accreditation that can be achieved and as such affords the company support from IBM in areas such as sales, introductions, technical advice and inventory finance.

Investment date:	February 2003
Equity held:	19.7%
Cost :	£1,000,000
Valuation:	£1,000,000
Valuation basis:	Cost
Dividends received during the year:	Nil
First audited accounts:	31 December 2003



Horncastle Industries Limited *East Humberside*

Steel fabrication and modular buildings

ProVen VCT invested in a syndicated management buyout of Horncastle Industries in November 2002 alongside funds managed by Northern Venture Managers. The company produces a range of products from its premises on the outskirts of Hull including temporary accommodation units, kitchens and bathroom pods for the hotel industry, specialised steel units and modular buildings for customers including the McDonalds restaurant chain. The business was purchased at a relatively low entry price; however, results from one of the divisions have been below expectations.

Investment date:	November 2002
Equity held:	8.0%
Cost:	£1,000,000
Valuation:	£800,000
Valuation basis:	Provision
Dividends received during the year:	Nil
First audited accounts:	31 March 2003

Horncastle
industries limited

TOP TEN VENTURE CAPITAL INVESTMENTS continued

UBC Media Group plc* London

Analogue and digital radio producer and broadcaster

UBC Media is a market leader in the supply of content to radio, internet and digital television industries in the UK. ProVen VCT invested a further £600,000 in the company through a Placing & Open Offer in April 2002 having invested in the company when it was admitted to AIM in July 2000. In the past year the company has achieved strong organic growth and in November 2002 announced a three year deal with the Automobile Association to distribute its traffic and travel news service to radio stations throughout the UK. Despite this the share price underperformed the AIM index in the year to February 2003.

Investment dates:	July 2000 and April 2002
Equity held:	2.8%
Cost:	£1,101,000 (2002: £501,000)
Valuation:	£788,000 (2001: £631,000)
Valuation basis:	Mid-market price
Dividends received during the year:	Nil
Last audited accounts:	31 March 2002
Net assets:	£238,000
Loss before taxation:	£(3.0) million



mergermarket Limited London

Business information services

mergermarket Limited, based in London, provides a business development tool for advisers and companies active in mergers and acquisitions. The company provides intelligence data on corporate activity across all economic sectors to clients on a subscription basis over the web. In August 2002, ProVen VCT invested a further £280,000 alongside ProVen Media VCT, other Beringea funds and the company's original investors to finance the development of an ancillary product that has extended the company's market reach. The company continues to deliver an encouraging performance despite difficult conditions in the financial services market.

Investment dates:	June 2001 and August 2002
Equity held:	7.7%
Cost:	£780,000 (2002: £500,000)
Valuation:	£780,000 (2002: £500,000)
Valuation basis:	Cost
Dividends received during the year:	Nil
Last audited accounts:	31 December 2001
Net assets:	£562,000
Loss before taxation:	£(713,000)



Ma Potter's Limited London

Branded restaurant chain

Ma Potter's is a branded restaurant chain offering value-priced dining in locations mostly based in major shopping centres or cinema complexes across the UK. The company opened its first restaurant in London in 1995 and at the time of our investment had built up to a chain of eleven restaurants. ProVen VCT invested alongside other VCTs including ProVen Media VCT in January 2003 to provide development capital for further expansion. The company has plans to open a number of new restaurants in 2003 and negotiations are currently at an advanced stage at a number of locations.

Investment date:	January 2003
Equity held:	11.3%
Cost:	£700,000
Valuation:	£700,000
Valuation basis:	Cost
Dividends received during the year:	Nil
First audited accounts:	30 November 2003



Espresso Broadband Limited London

Development and delivery of educational materials for schools

ProVen VCT originally invested in September 2001 alongside ProVen Media VCT and Guinness Flight VCT to fund the development and roll-out of the company's flagship product *Espresso for Schools* ("EFS"), a digital media education service for UK primary schools. The company has demonstrated considerable progress in the last year and over 1,000 schools have now signed up to EFS. Further investments have been made by ProVen VCT and the other investors during the year to support the continuing development of the service.

Investment dates:	September 2001, March 2002 to January 2003
Equity held:	12.0%
Cost:	£1,052,000 (2002: £620,000)
Valuation:	£593,000 (2002: £358,000)
Valuation basis:	Provision
Dividends received during the year:	Nil
First audited accounts:	31 March 2002



Notes: Qualifying equity investments in the above companies carry full voting rights. Where stated, references to the "first" audited accounts relate to the first annual report and accounts to be prepared by the investee company following the date of investment by ProVen VCT.

* AIM-listed investment

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year to 28 February 2003.

Activities and Status

The principal activity of the company during the year was the making of long-term equity and loan investments in unquoted and AIM traded companies in the United Kingdom. The company is an investment company as defined in section 266 of the Companies Act 1985 and has been listed on the London Stock Exchange since April 2000. The company has been granted provisional approval by the Inland Revenue as a Venture Capital Trust. The Chairman's Statement on pages 4 and 5 and the Investment Manager's Review on pages 8 and 9 give a review of developments during the year and of future prospects.

The directors have managed the affairs of the company with the intention that it will qualify for approval by the Inland Revenue as a Venture Capital Trust for the purposes of Section 842AA of the Income and Corporation Taxes Act 1988 ('the Act'). The directors consider that the company was not at any time up to the date of this report a close company within the meaning of Section 414 of the Act.

Although it is not intended that the company should have a limited life, shareholders will be given the opportunity to review its future after approximately seven years and, thereafter, at five yearly intervals. Accordingly, the Articles of Association of the company contain provisions requiring the directors to propose an ordinary resolution at the company's annual general meeting in 2007 to seek confirmation from shareholders that it should continue as a VCT.

Results and Dividend

	Year to 28 February 2003 £000	Year to 28 February 2002 £000
Net revenue attributable to shareholders	<u>268</u>	<u>522</u>
Appropriated as follows:		
Interim dividend paid – 1.0p (2002 – 1.0p per share)	219	220
Final dividend proposed – nil (2002 – 1.3p per share)	–	285
Retained in revenue reserve	<u>49</u>	<u>17</u>
	<u>268</u>	<u>522</u>

The directors do not recommend the payment of a final dividend for the year.

Directors

The directors of the company and their interests in the issued ordinary shares of 5p each of the company are as follows:

As at	28 February 2003	28 February 2002
A J Davison	5,000	5,000
S P Edwards (resigned 14 March 2002)	–	12,500
N P Lewis	10,000	10,000
G R Power (appointed on 14 March 2002; resigned 16 May 2003)	8,000	8,000
E H Sharp	36,000	36,000
T P Sooke	5,000	5,000
A Spiro Jr. (appointed 16 May 2003)	–	–

All of the directors' share interests shown above are held beneficially. There have been no changes in the directors' share interests between 28 February 2003 and the date of this report.

Brief biographical notes on the directors are given on page 7. Mr Sooke and Mr Lewis, retiring by rotation, and Mr Spiro, having been elected during the year and retiring in accordance with the company's Articles of Association, will offer themselves for re-election at the forthcoming annual general meeting.

None of the directors has a contract of service with the company and, except as mentioned below under the heading "Management", there were no contracts that subsisted during the year in which a director was materially interested and which was significant in relation to the company's business.

Directors' and Officers' Liability Insurance

As permitted by section 310(3) of the Companies Act 1985, the company has maintained insurance cover on behalf of the directors and secretary indemnifying them against certain liabilities that may be incurred by them in relation to the company.

Share Buy Back

During the year the company repurchased and cancelled 27,047 ordinary shares of 5p each for a consideration of £17,716. The buy back represented 0.1% of the called up share capital.

Management

Beringea Limited ("Beringea") has acted as investment manager to the company since February 2000. Downing Corporate Finance Limited ("Downing") is contracted under an administration agreement to provide the VCT with advice relating to shareholder communications. The principal terms of the management and administration agreements are set out in Note 2 to the financial statements.

Under the terms of agreements dated 25 January 2003, Downing acts as Financial Adviser to the company and its subsidiary Downing Management Services Limited acts for the company regarding a Matched Bargain Service in relation to share buy backs. The principal terms of the agreements are set out in Note 4 to the financial statements.

G R Power is a director of Beringea and N P Lewis is a director of, and shareholder in, Downing. Alexander Spiro Jr. is a senior managing director of Beringea LLC, the ultimate holding company of Beringea.

VCT Status Monitoring

The company has engaged PricewaterhouseCoopers LLP ("PwC") to advise it on compliance with the VCT legislation. PwC reviews appropriate new investment opportunities for compliance with the VCT rules and conducts a regular review of the company's investment portfolio to monitor ongoing VCT compliance. PwC works closely with the investment manager, but reports directly to the Board of the company.

Substantial Shareholdings

So far as the directors are aware, there were no individual shareholdings representing 3 per cent or more of the company's issued share capital during the period under review or at the date of this report.

Creditor Payment Policy


The company's payment policy is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms.

Annual General Meeting

A resolution will be proposed as special business at the annual general meeting to renew the authority of the directors to make market purchases of the company's shares for cancellation. It is the intention of the directors to seek to renew this authority at each subsequent annual general meeting.

Auditors

A resolution to reappoint Deloitte & Touche as auditors and to authorise the directors to agree their remuneration will be proposed at the annual general meeting.

By Order of the Board

Hulton Corporate Services Limited
Secretary
17-18 Henrietta Street
London WC2E 8QH

16 May 2003

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve this report will be put to the members at the annual general meeting to be held on 22 July 2003.

Directors' Remuneration Policy

The company does not have any executive directors and, as permitted under the Listing Rules, has not, therefore, established a remuneration committee. Directors' remuneration is calculated in accordance with the company's original prospectus dated 9 February 2000. This states that the ordinary remuneration of the directors (other than an executive director appointed under the Articles) shall be determined by the directors and shall not exceed £100,000 per year (unless otherwise approved by the company in general meeting). The directors shall also be paid by the company all travelling, hotel and other expenses they may incur in attending meetings of the directors or general meetings or otherwise in connection with the discharge of their duties. Any director who, by request of the directors, performs special services may be paid such extra remuneration as the directors may determine.

Directors' Remuneration (Audited)

Directors' remuneration for the year under review was as follows:

	Year ended 28 February 2003	Year ended 28 February 2002
	£	£
A J Davison (Chairman)	15,000	12,500
S P Edwards (resigned 14 March 2002) *	—	10,000
N P Lewis	10,000	10,000
G R Power (appointed 14 March 2002; resigned 16 May 2003) *	10,000	—
E H Sharp	10,000	10,000
T P Sooke	10,000	10,000
A Spiro Jr. (appointed 16 May 2003) *	—	—

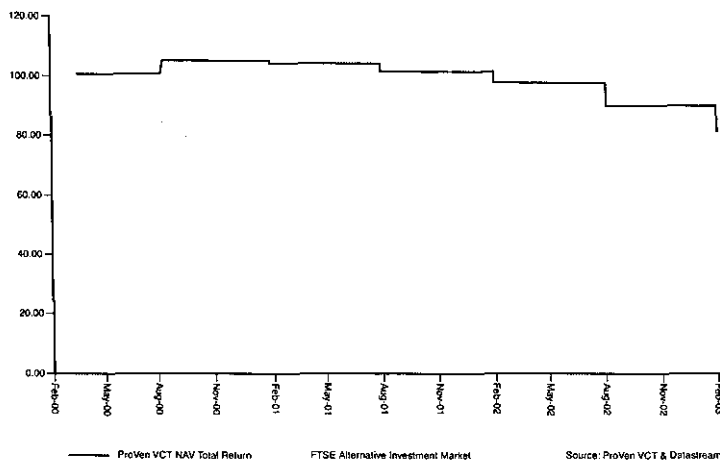
* employee of Beringea LLC or Beringea Limited.

No other emoluments or pension contributions were paid by the company to, or on behalf of, any director. None of the directors has a service contract with the company.

The level of fees is determined by reference to a review of remuneration paid to the directors of other comparable venture capital trusts. It is expected that the level of fees will continue to be assessed on this basis in forthcoming years.

Performance Chart

The directors consider that the most appropriate measure of the company's performance is its NAV total return (net asset value plus cumulative dividends) compared to the AIM index. The following chart illustrates the relative performance since listing.



By Order of the Board

 Hutton Corporate Services Limited, Secretary
 17-18 Henrietta Street, London WC2E 8QH

CORPORATE GOVERNANCE

The company is committed to maintaining high standards in corporate governance. In particular, the Board seeks to observe the principles set out by the Report of the Committee on Corporate Governance ("the Combined Code") insofar as these are consistent with the company's status and objectives as a venture capital trust. Throughout the year ended 28 February 2003 the company has complied with the provisions of Section 1 of the Combined Code, as they relate to venture capital companies, other than as noted below.

The Board

The company has a Board of five non-executive directors, four of whom are independent of the investment manager. In these circumstances the Board does not believe it is necessary to identify a senior independent director other than the chairman.

The Board meets at least quarterly and on other dates as required, to review the performance of the company and its portfolio of investments and to monitor compliance with the investment policy laid down by the Board. The investment manager provides the Board with appropriate information on a timely basis to support its review and decision-making procedures. The Board has adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

All of the directors have access to the advice and services of the company secretary, and directors may also take independent professional advice at the company's expense where necessary in the furtherance of their duties.

All directors were subject to election by shareholders at the first annual general meeting following their appointment and thereafter are subject to retirement by rotation at intervals of no more than three years. Non-executive directors are not appointed for specified terms, as the Board believes the contribution of a non-executive director to a venture capital company may be enhanced rather than diminished by long service. The Board has not appointed a nominations committee as it considers the Board to be small. Appointments of new directors are reserved to the full Board.

Audit Committee

During the year to 28 February 2003, the audit committee comprised the four independent non-executive directors. The audit committee meets twice a year and is responsible for reviewing the interim and annual accounts before their submission to the Board for discussion and approval. The auditors will attend at least one of these meetings. The audit committee met on 15 May 2003, with the auditors in attendance, to review the financial statements for the year ended 28 February 2003.

Directors' Remuneration

As stated in the Articles of Association, the remuneration of directors is determined by the Board. Details of directors' remuneration is given on page 18 and in note 4 to the financial statements.

Relations with Shareholders

The company's annual general meeting will be held on 22 July 2003 when shareholders will have the opportunity to meet the Board. Separate resolutions are proposed at the AGM on each substantially separate issue. Proxy votes are counted, and in order to comply with the Combined Code, proxy votes will be announced at the AGM, following each vote on a show of hands, except in the event of a poll being called.

In addition to the formal business of the AGM, representatives of the investment manager, the Board and the audit committee will be available to answer any questions a shareholder may have, and the Board is always pleased to respond to any queries from shareholders during the course of the year.

Internal Control

The Board is responsible for the company's system of internal control and for reviewing its effectiveness, at least annually. The system of internal control to be operated should cover all controls including financial, operational and compliance controls and risk management. The objective of these controls is to safeguard shareholders' investment and the company's assets. The company's system of internal control is designed to manage rather than eliminate the risks involved in managing a portfolio of investments, and can only provide reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE continued

The company has adopted a risk-based approach to the review of internal controls. The applicability and effectiveness of the controls is reviewed at least annually by the Board and reported upon twice a year by exception. This exception report is prepared by the investment manager, Beringea Limited. The Board last reviewed the effectiveness of the internal control system on 30 January 2003.

In accordance with the delegation of the company's investment management and administration to Beringea, the Board has identified in its risk framework those controls operated on its behalf by the investment manager. The Board requires the investment manager to report twice a year on these controls. The Board also requires Hutton Corporate Services to report annually on the operation of its internal controls as they relate to ProVen VCT, and Investec, as fixed income portfolio manager, to provide the Board annually with a copy of its FRAG 21 report.

The key elements of the internal controls system operated by the Board are as follows:

- The Board receives semi-annual reports of the company's VCT status.
- Every investment proposal is submitted to the Board for approval.
- The Board reviews the performance of the portfolio at each Board meeting, and is kept informed of developments more frequently, as required.
- The Board approves annual budgets prepared by the investment manager, and receives quarterly reports of financial results and net asset value.
- ProVen VCT and other funds managed by Beringea co-invest in opportunities on an agreed and documented basis, which has been subject to prior approval by the Board.

The Board receives reports from its advisers on internal control matters and does not believe there is scope or necessity for an internal audit function. This matter will be subject to periodic review.

Going Concern

The directors are of the opinion that at the time of approving the financial statements, the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the revenue of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the company, enabling them to ensure that the financial statements comply with the Companies Act. They are also responsible for the company's system of internal financial control, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROVEN VCT PLC

We have audited the financial statements of ProVen VCT plc for the year ended 28 February 2003 which comprise the accounting policies, the statement of total return, the balance sheet, the cash flow statement and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company as at 28 February 2003 and of the total return of the company for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Two handwritten signatures of Deloitte & Touche in cursive script.

Deloitte & Touche
Chartered Accountants and Registered Auditors
London

16 May 2003

ACCOUNTING POLICIES

General

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies". The accounts have been prepared under the historical cost convention, as modified to include the revaluation of fixed asset investments.

Investments

Listed or AIM traded investments are stated at market value, which is based upon middle market prices at the balance sheet date. In the event that the shares held by the company are subject to certain restrictions, or the holding is significant in relation to the traded issued share capital of the investee company then the directors may apply a discount to the relevant middle market price.

Investments in unquoted companies are valued by the directors using the following guidelines, which are consistent with those recommended by the British Venture Capital Association ("BVCA"). Unlisted investments are stated at directors' valuation. The directors' policy in valuing unlisted investments is to carry them at cost except in the following circumstances:

- where a company's performance against plan indicates a diminution in the value of the investment: any provision against cost is made as appropriate in bands of 25%
- where a company is well established with a record of profitability: the shares may be valued by applying a suitable price earnings ratio to the company's historical post-tax earnings. When applying such ratios, the directors will take into account comparable listed companies or sectors and will apply a discount of between 25% and 50% to reflect the lack of marketability.
- where a value is indicated by a material arm's-length transaction with a third party in the shares of a company

Unlisted investments will not normally be revalued upwards for a period of at least twelve months from the date of investment.

Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to realised capital reserves. Unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves. Costs incurred relating to acquisitions and disposals are charged to capital reserves as a deduction from proceeds or an addition to costs.

It is not the company's policy to exercise controlling or significant influence over investee companies, although it may hold a significant interest in some companies. Accordingly, the results of these companies are not incorporated into the revenue account except to the extent of any income earned.

Income

Dividend income receivable from quoted securities is recognised on the ex-dividend date. Income from unquoted equity and non-equity securities is recognised on an accruals basis except that a full provision is made until the receipt of the income is certain.

Interest from cash and deposits is treated on the accruals basis. Fixed returns on debt securities are recognised on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis. One quarter of the investment management fee is charged to the revenue account and the remaining three quarters is charged to capital reserves, net of corporation tax relief, and inclusive of any irrecoverable value added tax. The allocation of the management fee reflects the directors' estimate of the source of the long-term returns in the portfolio from revenue and capital.

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

STATEMENT OF TOTAL RETURN (INCORPORATING THE REVENUE ACCOUNT)

for the year ended 28 February 2003

	Notes	Year ended 28 February 2003			Year ended 28 February 2002		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Losses on investments	8						
– realised		–	(761)	(761)	–	(137)	(137)
– unrealised		–	(2,790)	(2,790)	–	(1,289)	(1,289)
Income	1	662	–	662	1,060	–	1,060
Investment management fee	2	(105)	(315)	(420)	(122)	(365)	(487)
Other expenses	3	(222)	–	(222)	(219)	–	(219)
Return on ordinary activities before taxation		335	(3,866)	(3,531)	719	(1,791)	(1,072)
Tax (charge)/credit on ordinary activities	5	(67)	67	–	(197)	118	(79)
Return on ordinary activities after taxation		268	(3,799)	(3,531)	522	(1,673)	(1,151)
Dividends	6	(219)	–	(219)	(505)	–	(505)
Transfer to/(from) reserves	15	49	(3,799)	(3,750)	17	(1,673)	(1,656)
Return per ordinary share Basic and fully diluted	7	1.2p	(17.3)p	(16.1)p	2.4p	(7.6p)	(5.2p)

The notes on pages 26 to 36 form an integral part of these financial statements.



All revenue and capital items in the above statement are from continuing operations. The revenue column represents the profit and loss account of the company. No operations were acquired or discontinued in the period. Other than shown above, the company had no recognised gains or losses.

BALANCE SHEET

at 28 February

	Notes	2003 £000	2002 £000
Fixed assets			
Investments	8	<u>14,513</u>	<u>19,287</u>
Current assets			
Debtors	11	921	195
Cash at bank and in hand		<u>360</u>	<u>497</u>
		1,281	692
Creditors: amounts falling due within one year	12	<u>(155)</u>	<u>(573)</u>
Net current assets		<u>1,126</u>	<u>119</u>
Net assets		<u>15,639</u>	<u>19,406</u>
Capital and reserves			
Called-up share capital	13	1,096	1,097
Special reserve	14	19,756	19,773
Capital redemption reserve	14	3	2
Capital reserve – realised	14	(1,448)	(439)
Capital reserve – unrealised	14	(3,860)	(1,070)
Revenue reserve	14	92	43
Total equity shareholders' funds		<u>15,639</u>	<u>19,406</u>
Net asset value per ordinary share	16	<u>71.4p</u>	<u>88.4p</u>

The financial statements on pages 22 to 36 were approved by the Board of Directors on 16 May 2003 and were signed on its behalf by:



 Andrew Davison
 Chairman

The notes on pages 26 to 36 form an integral part of these financial statements.

CASH FLOW STATEMENT

for the year to 28 February 2003

	Year ended 28 February 2003 £000	Year ended 28 February 2002 £000
Net revenue from operating activities		
Net revenue from ordinary activities before tax	335	719
Decrease in debtors	43	84
(Decrease)/increase in creditors	(55)	41
Management fees charged to capital	(315)	(365)
Net cash inflow from operating activities	8	479
Financial investment		
Purchase of investments	(12,549)	(23,229)
Sale of investments	13,003	23,686
Net cash inflow from financial investment	454	457
Corporation tax paid	(78)	(138)
Equity dividends paid	(504)	(747)
Financing		
Buy-back of 27,047 (2002 – 26,000) ordinary shares	(17)	(22)
Net cash outflow from financing	(17)	(22)
(Decrease)/increase in cash in the year	(137)	29
Analysis of cash balance		
At 28 February 2002	497	468
Net cash (outflow)/inflow for the year	(137)	29
At 28 February 2003	360	497

The notes on pages 26 to 36 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year to 28 February 2003

1 Income

	Year ended 28 February 2003 £000	Year ended 28 February 2002 £000
Interest receivable		
– from listed fixed interest securities	520	938
– from unlisted fixed interest securities	44	108
– from unquoted investment portfolio	73	–
– from bank deposits	15	14
	<u>652</u>	<u>1,060</u>
Dividends receivable	10	–
	<u>662</u>	<u>1,060</u>

2 Investment Management Fee

	Year ended 28 February 2003		Year ended 28 February 2002	
	Revenue £000	Capital £000	Revenue £000	Capital £000
Investment management fee	89	268	103	311
Irrecoverable VAT thereon	16	47	19	54
	<u>105</u>	<u>315</u>	<u>122</u>	<u>365</u>

Beringea Limited (“Beringea”) provides investment management services to the company in respect of the company’s portfolio of venture capital investments under an investment management agreement dated 9 February 2000.

Beringea is entitled to a fee (exclusive of VAT) equal to 2.5% per annum (2002 – 2.0% p.a.) of the net assets of the company, subject to a cap on total costs of 3.5% per annum of net assets. The fee is calculated at half-yearly intervals based on net assets as at 31 August and 28 February and is payable quarterly in arrears. During the year ended 28 February 2003, the fee payable to Beringea equated to 1.9% per annum of net assets (2002 – 2.0% p.a.). The investment agreement is for a minimum period of five years from 9 February 2000 terminable by either party at any time thereafter by one year’s prior written notice.

Beringea also provides administrative and secretarial services to the company under the terms of an administration agreement dated 9 February 2000 for an annual fee of £50,000 (plus VAT and RPI). Out of this fee, Beringea pays to Downing Corporate Finance Limited an annual fee of £20,000 (plus VAT & RPI) in consideration for services to the company relating to its communications with shareholders and their financial advisers. This arrangement will remain in place until the investment management agreement is terminated.

Under the terms of the investment management and administration agreements described above, Beringea and Downing are potential beneficiaries of the company’s performance incentive arrangements. These arrangements are described in more detail in Note 17.

3 Other Expenses

	Year ended 28 February 2003	Year ended 28 February 2002
	£000	£000
Administrative and secretarial services	51	50
Directors' remuneration (see note 4)	55	53
Auditors' remuneration		
– for audit services	13	15
– for non-audit services	3	5
Irrecoverable VAT	28	28
Other expenses	<u>72</u>	<u>68</u>
	<u>222</u>	<u>219</u>

Irrecoverable VAT attributable to the management fee is disclosed in Note 2 and is not included in the figure for irrecoverable VAT stated above.

4 Directors' Remuneration

	Year ended 28 February 2003	Year ended 28 February 2002
	£000	£000
Fees paid to directors	10	10
Amounts paid to third parties in consideration for the services of directors	<u>45</u>	<u>43</u>
	<u>55</u>	<u>53</u>

The fees paid in respect of directors during the period were as follows:

	£	£
A J Davison (Chairman)	15,000	12,500
S P Edwards (resigned 14 March 2002)	–	10,000
N P Lewis	10,000	10,000
G R Power (appointed 14 March 2002; resigned 16 May 2003)	10,000	–
E H Sharp	10,000	10,000
T P Sooke	10,000	10,000
A Spiro Jr. (appointed 16 May 2003)	–	–

N P Lewis is a director of and shareholder in Downing, which provides services to the company as outlined in Note 2. The company has agreed to pay Downing an annual retainer of £2,500 (plus VAT) in accordance with the terms of an agreement dated 25 January 2003 under which Downing was appointed as Financial Adviser to the company. The company has also agreed to pay Downing Management Services Limited (a subsidiary company of Downing) an annual retainer of £2,500 plus VAT under the terms of an agreement dated 25 January 2003 which appointed Downing Management Services Limited to provide services in connection with the purchase by the company of its own shares.

G R Power is a director of Beringea. A Spiro Jr. is a senior managing director of Beringea LLC, the ultimate parent company of Beringea.

Beringea and Downing are potential beneficiaries under the performance incentive arrangements referred to in Note 17.

Except as noted above, or as otherwise disclosed in these accounts, none of the directors received any other remuneration or benefit during the period.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year to 28 February 2003

5 Tax Charge/(Credit) on Ordinary Activities

	Year ended 28 February 2003		Year ended 28 February 2002	
	Revenue £000	Capital £000	Revenue £000	Capital £000
United Kingdom tax based on the taxable profit for the period	67	(67)	196	(118)
Adjustments in respect of prior periods	–	–	1	–
	<u>67</u>	<u>(67)</u>	<u>197</u>	<u>(118)</u>
Factors affecting tax charge for the period				
Return on ordinary activities before taxation	<u>335</u>	<u>(3,866)</u>	<u>719</u>	<u>(1,791)</u>
Tax on return on ordinary activities at the standard rate of UK corporation tax (30%)	101	(1,160)	216	(537)
UK dividends not subject to corporation tax	(3)	–	–	–
Capital returns not subject to corporation tax	–	1,065	–	428
Effect of profits/(losses) taxed at the marginal rate of corporation tax rather than the standard rate	(31)	28	(20)	(9)
Adjustments in respect of prior periods	–	–	1	–
Current tax charge/(credit) for the period	<u>67</u>	<u>(67)</u>	<u>197</u>	<u>(118)</u>

6 Dividends

	Year ended 28 February 2003	Year ended 28 February 2002
	£000	£000
Interim dividend paid – 1.0p per share (2002 – 1.0p)	219	220
Final dividend proposed – nil per share (2002 – 1.3p)	–	285
	<u>219</u>	<u>505</u>

7 Return per Ordinary Share

The revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £268,000 (2002 – £522,000) and on 21,944,232 ordinary shares (2002 – 21,954,944 ordinary shares), being the weighted average number of ordinary shares in issue during the year.

The capital return per ordinary share is based on a net realised and unrealised capital loss of £3,799,000 (2002 – £1,673,000 loss) and on 21,944,232 ordinary shares (2002 – 21,954,944 ordinary shares), being the weighted average number of ordinary shares in issue during the period.

8 Fixed Asset Investments

	Year ended 28 February 2003	Year ended 28 February 2002
	£000	£000
Unquoted investments	8,671	3,535
AIM traded investments	3,213	2,960
Listed fixed interest investments	2,328	11,492
Unlisted fixed interest investments	301	1,300
	<u>14,513</u>	<u>19,287</u>

Movements in investments during the year are summarised as follows:

	Unquoted £000	AIM traded £000	Listed fixed interest £000	Unlisted fixed interest £000	Total £000
Value of investments at 1 March 2002	3,535	2,960	11,492	1,300	19,287
Purchases at cost	6,828	2,114	2,907	700	12,549
Disposal – proceeds	(194)	–	(11,878)	(1,700)	(13,772)
– realised (loss)/gain on disposal	(429)	–	(332)	–	(761)
Net (increase)/decrease in unrealised depreciation	<u>(1,069)</u>	<u>(1,861)</u>	<u>139</u>	<u>1</u>	<u>(2,790)</u>
Valuation at 28 February 2003	<u>8,671</u>	<u>3,213</u>	<u>2,328</u>	<u>301</u>	<u>14,513</u>
Book cost at 28 February 2003	10,630	5,108	2,335	300	18,373
Unrealised depreciation at 28 February 2003	<u>(1,959)</u>	<u>(1,895)</u>	<u>(7)</u>	<u>1</u>	<u>(3,860)</u>
	<u>8,671</u>	<u>3,213</u>	<u>2,328</u>	<u>301</u>	<u>14,513</u>

All investments traded on AIM consist of equity shares.

The overall loss on investments for the year shown in the Statement of Total Return is analysed as follows:

	Year ended 28 February 2003	Year ended 28 February 2002
	£000	£000
Net realised loss on disposal	(761)	(137)
Increase in unrealised depreciation	<u>(2,790)</u>	<u>(1,289)</u>
	<u>(3,551)</u>	<u>(1,426)</u>

NOTES TO THE FINANCIAL STATEMENTS continued

for the year to 28 February 2003

9 Unlisted Investments

The cost and carrying value of investments in unquoted companies and those whose shares are traded on AIM were as follows:

	28 February 2003		28 February 2002	
	Cost £000	Carrying value £000	Cost £000	Carrying value £000
Cardpoint plc*				
Ordinary shares	<u>997</u>	<u>1,171</u>	—	—
Nectar Taverns Plc				
Ordinary shares	300	300	—	—
Cumulative redeemable preference shares	<u>700</u>	<u>700</u>	—	—
	<u>1,000</u>	<u>1,000</u>	—	—
Ashcol Limited				
Ordinary shares	133	133	—	—
Secured loan stock	<u>867</u>	<u>867</u>	—	—
	<u>1,000</u>	<u>1,000</u>	—	—
LFR plc (t/a Loch Fyne Restaurants)				
Ordinary shares	<u>1,000</u>	<u>1,000</u>	—	—
Notability Solutions Limited				
Ordinary shares	102	102	—	—
Preference shares	<u>898</u>	<u>898</u>	—	—
	<u>1,000</u>	<u>1,000</u>	—	—
Horncastle Industries Limited				
Ordinary shares	200	—	—	—
Secured loan stock	<u>800</u>	<u>800</u>	—	—
	<u>1,000</u>	<u>800</u>	—	—
UBC Media Group plc*				
Ordinary shares	<u>1,101</u>	<u>788</u>	<u>501</u>	<u>631</u>
mergermarket Limited				
'B' Ordinary shares	500	500	500	500
Convertible loan notes	<u>280</u>	<u>280</u>	—	—
	<u>780</u>	<u>780</u>	<u>500</u>	<u>500</u>
Ma Potter's Limited				
Ordinary shares	210	210	—	—
Secured loan stock	<u>490</u>	<u>490</u>	—	—
	<u>700</u>	<u>700</u>	—	—

9 Unlisted Investments (continued)

	28 February 2003		28 February 2002	
	Cost £000	Carrying value £000	Cost £000	Carrying value £000
Espresso Broadband Limited				
Ordinary shares	262	–	262	–
Secured loan notes	790	593	358	358
	<u>1,052</u>	<u>593</u>	<u>620</u>	<u>358</u>
Copyright Promotions Group Limited**				
Ordinary shares	51	292	51	51
Unsecured loan notes	215	215	344	344
	<u>266</u>	<u>507</u>	<u>395</u>	<u>395</u>
Linguaphone Group plc				
Ordinary shares	605	500	500	500
Oasis Healthcare plc*				
Ordinary shares	670	394	670	1,091
Espotting Media (UK) Limited**				
Convertible loan notes	333	333	200	200
Chiaros Holdings Limited (t/a TMI)				
Ordinary shares	240	–	240	–
Secured loan stock	560	280	560	560
	<u>800</u>	<u>280</u>	<u>800</u>	<u>560</u>
Centurion Electronics plc*				
Ordinary shares	175	219	–	–
The Sport Entertainment & Media Group plc*				
Ordinary shares	800	216	800	807
Pilat Media Global plc*				
Ordinary shares	315	179	222	222
Baby Innovations S.A. (t/a Steribottle)**				
Ordinary shares (2002 – Funding Units)	416	–	416	416
Convertible loan	119	119	–	–
Unsecured loan units	59	59	–	–
	<u>594</u>	<u>178</u>	<u>416</u>	<u>416</u>
VI Group plc*				
Ordinary shares	250	172	–	–
Transcomm plc*				
Ordinary shares	380	62	380	159

NOTES TO THE FINANCIAL STATEMENTS continued

for the year to 28 February 2003

9 Unlisted Investments (continued)

	28 February 2003		28 February 2002	
	Cost £000	Carrying value £000	Cost £000	Carrying value £000
I D Data plc*				
Ordinary shares	<u>420</u>	<u>12</u>	<u>420</u>	<u>50</u>
Bond iT Limited				
Ordinary shares	59	-	59	-
Preference shares	<u>441</u>	<u>-</u>	<u>441</u>	<u>441</u>
	<u>500</u>	<u>-</u>	<u>500</u>	<u>441</u>
The Keen Group Limited				
Ordinary shares	-	-	165	-
Secured loan stock	<u>-</u>	<u>-</u>	<u>330</u>	<u>165</u>
	<u>-</u>	<u>-</u>	<u>495</u>	<u>165</u>
Totals	<u>15,738</u>	<u>11,884</u>	<u>7,419</u>	<u>6,495</u>

* Investments traded on the AIM market

** Non-qualifying investments

Provisions totalling £1,959,000 have been made against unquoted investments as at 28 February 2003 (2002: £890,000). During the year, the company realised its investment in The Keen Group Limited for £66,000 against a cost of £495,000. In addition, Copyright Promotions Group repaid loan notes, with a cost of £129,000, at par value.

Since 28 February 2003, one new investment has been completed at a cost of £800,000. A further £94,000 has been invested in follow-on investments in portfolio companies.

10 Significant Interests

Details of shareholdings in those companies where the company's holding represents (1) more than 10% of the allotted equity share capital of any class, (2) more than 10% of the total allotted share capital or (3) more than 10% of the assets of the investee company itself, are given below. All of the companies named are incorporated in Great Britain.

Company	Class of share	Number held	Proportion of class held
Cardpoint plc	Ordinary shares (5p)	2,318,605	10.9%
Nectar Taverns Plc	Ordinary shares (50p)	300,000	24.7%
	Preference shares (£1)	700,000	24.7%
Ashcol Limited	'A' ordinary shares (£1)	133,000	50.0%
Notability Solutions Limited	Ordinary shares (£1)	1,857	33.7%
	'B' ordinary shares (£1)	1,857	100.0%
	'B' preference shares (£1)	898,143	100.0%
mergermarket Limited	'B' ordinary shares (1p)	199,474	33.3%
Ma Potter's Limited	'A' ordinary shares (£1)	606	11.3%
Espresso Broadband Limited	'A' ordinary shares (10p)	2,378,324	33.0%
Copyright Promotions Group Limited	Ordinary shares (10p)	51,000	12.2%
Chiaros Holdings Limited (t/a TMI)	'A' ordinary shares (50p)	239,986	53.3%
Bond IT Limited	'B' ordinary shares (£1)	50,000	100.0%
	'C' preferred ordinary shares (£1)	8,750	100.0%
	Preference shares (10p)	441,250	25.0%

It is considered that, as permitted by FRS 9 "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the company lies in their marketable value as part of that portfolio rather than as a medium through which the company carries out its business. Therefore the investments are not considered to be associated undertakings and their results have not been incorporated in the revenue account.

Unless stated to the contrary, all classes of ordinary share and none of the classes of preference share have voting rights.

11 Debtors

	28 February 2003	28 February 2002
	£000	£000
Accrued income	149	194
Debtors & prepayments	<u>772</u>	<u>1</u>
	<u>921</u>	<u>195</u>

12 Creditors

	28 February 2003	28 February 2002
	£000	£000
Trade creditors and accruals	155	210
Corporation tax payable	-	78
Proposed dividend	-	285
	<u>155</u>	<u>573</u>

NOTES TO THE FINANCIAL STATEMENTS continued

for the year to 28 February 2003

13 Share Capital

	28 February 2003 £000	28 February 2002 £000
Authorised		
25,000,000 ordinary shares of 5p each	<u>1,250</u>	<u>1,250</u>
Allotted, called up and fully paid		
21,917,455 (2002 – 21,944,502) ordinary shares of 5p each	<u>1,096</u>	<u>1,097</u>

During the year 27,047 ordinary shares of 5p were bought by the company for a total consideration of £17,716. These shares were subsequently cancelled.

14 Reserves

	Special reserve £000	Capital redemption reserve £000	Capital reserve – realised £000	Capital reserve – unrealised £000	Revenue reserve £000
At 1 March 2002	19,773	2	(439)	(1,070)	43
Share buy back and cancellation	(17)	1	–	–	–
Transfer to special reserve	–	–	–	–	–
Realised on disposal of investments	–	–	(761)	–	–
Unrealised loss on valuation	–	–	–	(2,790)	–
Management fee capitalised	–	–	(315)	–	–
Tax effect of capital items	–	–	67	–	–
Net revenue retained for the year	–	–	–	–	49
At 28 February 2003	<u>19,756</u>	<u>3</u>	<u>(1,448)</u>	<u>(3,860)</u>	<u>92</u>

15 Reconciliation of Movements in Shareholders' Funds

	Year ended 28 February 2003 £000	Year ended 28 February 2002 £000
At 1 March 2002	19,406	21,084
Total return after tax and dividends	(3,750)	(1,656)
Share buy back and cancellation	(17)	(22)
At 28 February 2003	<u>15,639</u>	<u>19,406</u>

16 Net Asset Value per Share

Net asset value per share is based on net assets at 28 February 2003 of £15,639,000 (2002 – £19,406,000) and on 21,917,455 ordinary shares (2002 – 21,944,502 ordinary shares) in issue at that date.

17 Performance Incentive Arrangements

Under the terms of the investment management agreement and the administration agreement outlined in Note 2, Beringea Limited and Downing Corporate Finance Limited are potential beneficiaries of the company's performance incentive arrangements. Beringea is entitled to receive between 90% and 95% of any performance incentive paid, and Downing between 5% and 10%.

The performance incentive will not be triggered until the company's profits available for distribution are equivalent to not less than 7% per annum (compound) on each share and net assets per share are £1.00 or more. This incentive will be equal to 20% of the company's profits (derived from both investment income and capital profits) available for distribution in excess of 7p per share in each accounting period, before taking into account such incentive. The performance incentive will first be calculated in respect of the period to 28 February 2003 and annually thereafter. The incentive (if any) will be payable following approval of the relevant audited accounts by shareholders and will be in the form of cash, shares or share options in the company.

In the event that Beringea or Downing elects to receive such incentives by way of share options, the value per option will be calculated by subtracting the exercise price per share from the net asset value per share at the date on which the options become exercisable. The maximum number of options that may be issued without shareholder approval is capped at 15% of the issued share capital of the company from time to time. Beringea and Downing will be entitled to cash compensation in the event that the value of the incentive exceeds the amount in respect of which the company is capable of granting share options.

18 Risk Management and Financial Instruments

A statement of the company's principal objectives is given on page 3. In order to achieve these objectives the company will invest its funds primarily in qualifying holdings in unlisted companies and companies traded on AIM, which by their nature may entail a higher degree of risk than investments in large listed companies. The company has not entered into any derivative transactions, and does not expect to do so in the foreseeable future. As a venture capital trust, the company invests in securities for the long term, and it is the company's policy that no trading in investments or other financial instruments shall be undertaken.

Market price risk

The main risks arising from the company's investing activities are market price risk, representing the uncertain realisation values of the company's investments. The directors aim to limit the risk attaching to the portfolio as a whole by careful selection of investments and by maintaining a wide spread of investments in terms of financing stage, industry sector and geographical location.

Interest rate risk

The company finances its activities through retained profits including realised and unrealised capital profits, and through the issue of equity shares. It has not entered into any borrowings. The company's investment portfolio includes investments in interest bearing securities in investee companies and in other fixed interest securities. Details of interest bearing assets are given below under Financial Assets.

Liquidity risk

There is liquidity risk associated with unquoted investments, which are not readily realisable.

Credit risk

Credit risk is the risk of a borrower defaulting on either an interest payment or the capital sum of a loan. The credit risk associated with the company's loan investments in unquoted companies is controlled as part of the investment process outlined under market price risk above, and wherever possible, the company will take security for such advances.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year to 28 February 2003

18 Risk Management and Financial Instruments continued

Currency risk

All of the company's assets and liabilities are denominated in sterling.

Financial assets

The interest rate profile of the company's financial assets is set out below:

	28 February 2003	28 February 2002
	£000	£000
Floating rate	1,160	662
Fixed rate	5,865	14,254
Non-interest bearing	7,848	4,868
	<u>14,873</u>	<u>19,784</u>
	28 February 2003	28 February 2002
Fixed rate assets		
Weighted average interest rate	8.5%	7.6%
Weighted average years to maturity	2.5	1.5

Floating rate investments comprise variable rate investments in investee companies and cash held on deposit. The benchmark rate for these investments is the UK bank base rate.

Non-interest bearing investments comprise equity share and non-equity share investments in investee companies.

Fair values

The investments of the company are valued by the directors in accordance with the guidelines issued by the British Venture Capital Association, and the carrying values are considered to approximate the fair value of the investments.

19 Related Party Transactions

ProVen VCT is managed by Beringea Limited, and has entered into a co-investment agreement with, amongst others, Guinness Flight VCT plc and ProVen Media VCT plc, for whom Beringea acts as adviser and manager respectively. Certain directors of ProVen VCT plc serve on the boards of these companies. Tom Sooke is Chairman of ProVen Media VCT plc, whilst Andrew Davison, Nick Lewis and Alexander Spiro Jr. are non-executive directors of that company. Ernest Sharp is a non-executive director of Guinness Flight VCT plc.

20 Capital Commitments

Investments approved at the end of the year which have since been completed amounted to £894,000. There were no approvals at the year end that relate to investments that have not yet completed.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

At the annual general meeting being convened for 22 July 2003 ("AGM"), there will be proposed a special resolution, as Resolution No 7.

- 1 Resolution No. 7 will be proposed as a special resolution whereby the company will seek to renew its authority to make market purchases of its own shares by utilising distributable reserves of the company.

Background to the Proposal

The directors consider that it is in the best interests of the company and its shareholders for the company to be in a position to make occasional market purchases of its shares (which are then automatically cancelled) with the aim of reducing any discount and increasing the net asset value per share of the remaining shares. In the view of the directors, the awareness in the market that the company has such a capability may tend to moderate the scale of any discount that may emerge and the action of buying shares may enable any such discount to be narrowed. The Board has a general authority under its articles of association to make market purchase of its own shares. Accordingly, the Board proposes, as Special Business at the forthcoming AGM, to seek the authority for the company to make market purchases of its own ordinary shares. A company is permitted to purchase its own shares out of the special reserve created from the cancellation of the company's Share Premium Account, subject to its Articles of Association, its distributable reserves or from the proceeds of a fresh issue of shares made for the purposes of such purchases. The authority being sought will enable the company to make such occasional purchases out of the special reserve or any distributable reserves.

Purchase of Ordinary Shares by the Company

Purchases of ordinary shares will be made within guidelines established from time to time by the Board, but only if it is considered that such purchases would be to the advantage of the company and its shareholders as a whole. Purchases will only be made in the market for cash at prices below the prevailing net asset value per ordinary share, thereby enhancing the net asset value per ordinary share for the company's remaining shareholders.

Under the The Listing Rules of the Financial Services Authority, the maximum price which can be paid by the company is 5 per cent above the average of the market value of the ordinary shares for the five business days preceding the purchase. Ordinary shares that are purchased will be cancelled. In making purchases, the company will deal only with member firms of the London Stock Exchange. Purchases of ordinary shares will be funded from the use of distributable reserves but so that the use of such reserves will not adversely impact on the company's stated policy of maximising tax free dividend distributions to shareholders.

Risk Factors

Shareholders who sell their ordinary shares within three years of subscription will lose, and will have to repay, any income tax relief previously given on subscription. Any capital gains deferred on subscription will crystallise at that time.

Any share purchases by the company may result in a reduction of the discount to net asset value at which the ordinary shares trade. However, the effect of market forces cannot be predicted with certainty and this result cannot be guaranteed. Furthermore, even if initially the desired result is achieved, it is possible that the discount may widen further over the medium to long term.

Taxation on Company Share Purchase

The company, when it purchases ordinary shares, will be treated as repaying part or all of the amount of capital which is treated as paid up on each ordinary share for tax purposes. Stamp duty at the rate of 50p per £100 or part thereof of the purchase price of any ordinary share will be payable by the company. **This information is based on the law and practices currently in force in the United Kingdom and is not a complete statement of tax legislation affecting shareholders of venture capital trusts.**

Action to be Taken

The AGM is being convened for 22 July 2003 at 11.00 a.m. A form of proxy is enclosed for use at the AGM. Whether or not you intend to be present at the meeting, you are asked to return the enclosed form of proxy in accordance with the instructions printed on it so as to arrive no later than 11.00 a.m. on 20 July 2003. Completion and return of a form of proxy will not preclude you from attending the meeting and voting in person, should you so wish. Shareholders are urged to seek independent financial advice from a person authorised under the Financial Services Act 1986 when considering whether or not to approve Resolution No 7. If you have sold or transferred all or part of your ordinary shares in ProVen VCT plc, you should forward this document, together with the form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

Directors' Recommendation

The directors of the company believe that shareholders should vote in favour of the proposal described, as they intend to do in respect of their own beneficial holdings amounting to 56,000 ordinary shares (representing 0.26% per cent of the issued share capital of the company) and that they believe the proposal is in the best interests of shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of ProVen VCT plc will be held at 180 Strand, London WC2R 1BL on 22 July 2003 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

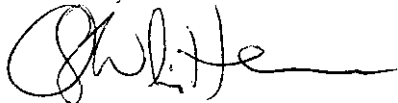
1. To receive, consider and adopt the financial statements for the year to 28 February 2003 and the directors' and auditors' reports thereon.
2. To receive the Directors' Remuneration Report.
3. To re-elect N P Lewis as a director.
4. To re-elect T P Sooke as a director.
5. To re-elect A Spiro Jr. as a director
6. To re-appoint Deloitte & Touche as auditors of the company and to authorise the directors to agree their remuneration.

SPECIAL BUSINESS

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

7. THAT the company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 5p each in the company ("ordinary shares") provided that:
 - (a) the maximum number of ordinary shares so authorised to be purchased is 2,191,745;
 - (b) the minimum price which may be paid for an ordinary share shall be 5p;
 - (c) the maximum price, exclusive of expenses, which may be paid for an ordinary share is an amount equal to 105 per cent of the average of the middle market quotations 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;
 - (d) the authority conferred comes to an end at the conclusion of the next annual general meeting of the company or upon the expiry of 15 months from the passing of this resolution, whichever is the later; and
 - (e) that the company may enter into a contract to purchase its ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

By Order of the Board
Hutton Corporate Services Limited
Secretary



17-18 Henrietta Street
London
WC2E 8QH
16 May 2003

NOTES

- (a) A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member.
- (b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the company, Northern Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0JQ so as to be received by no later than 48 hours before the time the annual general meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the annual general meeting.



PROXY FORM

ProVen VCT plc Annual General Meeting – 22 July 2003

I/We
(block capitals please)

of
being a member of ProVen VCT plc, hereby appoint

.....
or failing him/her the Chairman of the meeting to be my/our proxy and vote for me/us on my/our behalf at the annual general meeting of the company to be held on 22 July 2003, notice of which was sent to shareholders with the directors' report and the accounts for the year to 28 February 2003, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting:

Resolution number	For	Against
1. To receive, consider and adopt the financial statements for the year to 28 February 2003		
2. To note the Directors' Remuneration Report		
3. To re-elect N P Lewis as a director		
4. To re-elect T P Sooke as a director		
5. To elect A Spiro Jr. as a director		
6. To re-appoint Deloitte & Touche as auditors and authorise the directors to agree their remuneration		
7. To authorise the directors to make market purchases of its own shares by utilising distributable reserves of the company (Special Resolution)		

Signed: Dated: 2003

NOTES

1. A member wishing to appoint a person other than the Chairman of the meeting as proxy should insert the name and address of such person in the space provided.
2. Use of the proxy form does not preclude a member from attending and voting in person.
3. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
5. To be valid, the proxy form must be received by the Registrars no later than 48 hours before the commencement of the meeting.

