



PROVEN VCT PLC

ANNUAL REPORT AND ACCOUNTS

For the year ended 28 February 2015





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PROVEN VCT PLC

PRINCIPAL INVESTMENT OBJECTIVE

The Company's principal objective is to achieve long-term returns greater than those available from investing in a portfolio of quoted companies, by investing in:

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments including cash, liquidity funds, fixed interest securities, debt and debt-related securities in growth companies and non-qualifying venture capital investments,

within the conditions imposed on all VCTs and to minimise the risk of each investment and the portfolio as a whole.



FUND OVERVIEW

FINANCIAL SUMMARY

Ordinary Shares As at 28 February	2015 Pence	2014 Pence
Net asset value per share	100.9	103.6
Dividends paid since launch	15.0	7.5
Total return (net asset value plus dividends paid since launch)	115.9	111.1
Year on year change in:		
Net asset value per share (adjusted for dividends)	4.6%	

A full analysis of Shareholder returns by share class and tax year, can be found at www.provenvcts.co.uk.



CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report for ProVen VCT plc (the "Company") for the year ended 28 February 2015. This year has been very busy with over £18 million of new and follow-on investments added to your portfolio, as well as a number of successful realisations and continued progress for existing portfolio companies.

RESULTS FOR THE YEAR

The Company's net asset value ("NAV") per share increased by 4.8p over the year (after adding back the dividends of 7.5p paid in the year), an increase of 4.6% on the opening NAV. At 28 February 2015 the NAV stood at 100.9p per share.

The total return on ordinary activities for the year was £3.1 million, or 5.2p per share (2014: £3.6 million, 7.7p per share), comprising a revenue return of £360,000, or 0.6p per share (2014: £277,000, 0.6p per share) and capital return of £2.8 million, or 4.6p per share (2014: £3.4 million, 7.1p per share).

DIVIDENDS

The Company made total dividend payments during the year of 7.5p per share. This comprised three dividends: a special interim and a final dividend of 2.5p each for the year ended 28 February 2014 paid on 28 March 2014 and 25 July 2014 respectively, and an interim dividend of 2.5p for the year ended 28 February 2015 paid on 21 November 2014.

The Board is proposing a final dividend for the year to 28 February 2015 of 2.5p per share to be paid on 31 July 2015 to shareholders on the register at 3 July 2015. The total dividend of 5p per share for the year ended 28 February 2015 is in line with the Company's stated dividend target of a 5% dividend yield on NAV.

PORTFOLIO ACTIVITY AND VALUATION

The Company had a very active year in terms of investment, with over £18 million invested in total. The Company made twelve new investments and seven follow on investments during the year. The new investments comprised eight which were wholly or partly VCT qualifying, one which was a non-qualifying equity investment and three debt-only investments. These were the first debt-only investments made in line with the Company's amended investment policy adopted in July 2013, of investing part of the non-qualifying portion of the investment portfolio in debt and debt-related securities in growth companies. This policy has the objective of generating a higher return from the non-qualifying portion of the fund than could be achieved by investing primarily in cash and other liquid funds.

The Company made full disposals of three investments during the year. Eagle Rock Entertainment Group and Pilat Media Global were both sold to trade buyers, with the Company receiving 100% of its sale proceeds in cash. Speed-Trap Holdings was acquired by AIM-listed IS Solutions plc in January 2015. The Company received its full investment cost, together with all outstanding loan note interest, in cash, as well as shares in IS Solutions which at the year-end were

valued at £1.2 million. All three of these investments were sold at a premium to the previous carrying value. Additionally, the Company received a number of loan note repayments.

The investment portfolio increased in value by £1.9 million, or 3.0p per share. There were notable uplifts in value for Monica Vinader, SPC International, Cognolink and MatsSoft, reflecting their continued positive development. There were reductions in value for some other investments, including Think and Charterhouse Leisure, although both continue to be valued above cost. There was also a reduction in value for Skills Matter and this is now valued below cost.

The investment activity, together with other cash flows, resulted in the Company's cash balance reducing from c.48% of net assets at the start of the year to just over 31% at 28 February 2015. I am pleased that the Investment Manager has deployed a significant amount of cash in a range of investments at a time when competition for new, quality investments remains high.

Further details of investment activity and investments held are provided in the Investment Manager's Review and the Review of Investments.

FUNDRAISING ACTIVITIES

The Company's offer for subscription which launched in October 2013 closed in September 2014, having raised gross proceeds of £16.6 million.

In response to strong investor demand for VCT share issues in the 2014-15 tax year, the Company launched a smaller top-up offer for subscription on 6 March 2015. The offer was fully subscribed, raising gross proceeds of £3.4 million.

SHARE BUYBACKS

The Company has a policy of buying back shares that become available in the market at a discount of approximately 5% to the latest published net asset value, subject to the Company having sufficient liquidity. The Company retains Panmure Gordon to act as its corporate broker. Shareholders who are considering selling their shares may wish to contact Panmure Gordon, who will be able to provide details of the price at which the Company is buying shares. Contact details are on page 61 of this report.

During the year, the Company purchased 1,026,801 shares at an average price of 93.3p per share and for an aggregate consideration of £958,325 (net of costs). This represents 2.1% of the shares in issue at the start of the year. All the shares were subsequently cancelled.

A special resolution to allow the Board to continue to purchase shares for cancellation will be proposed at the forthcoming Annual General Meeting ("AGM").

ANNUAL GENERAL MEETING

The next AGM of the Company will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 1.30 p.m. on Wednesday 22 July 2015.

Four items of special business will be proposed at the AGM. There are two resolutions giving the Directors authority to allot shares, to enable the Company to raise additional funds. Also, as mentioned above, there is one resolution to allow the Company to continue to make share buy-backs.

The final item of special business is a resolution to amend the articles of association of the Company to increase the cap on the total fees and expenses payable to directors to an aggregate limit of £150,000. The size of the portfolio has increased considerably and the current limit of £100,000 has not been changed since the Company was established in 2000. Further detail is provided in the Directors' Remuneration Report on page 35.

Notice of the AGM is at the end of this document.

SHAREHOLDER EVENT

Following the success in recent years of the Company's annual shareholder event, another event is being arranged for 2015. This year it will take place on Thursday 29 October 2015 at 10.30 a.m. at the British Library, 96 Euston Rd, London NW1 2DB.

The event will include presentations by several portfolio companies and gives shareholders the opportunity to meet with the Directors and members of the investment management team.

A formal invitation will be sent in due course. However, I would very much encourage shareholders to attend and recommend that those who are interested should respond promptly, as there is limited capacity.

VCT REGULATIONS

In the March 2015 Budget the Chancellor announced a number of proposed changes to the VCT regulations, which were intended to help secure the renewal of the European Commission's endorsement of the VCT scheme as approved State Aid. The main changes proposed are, broadly, that an investment will not be qualifying for VCT purposes if:

- The total amount of VCT or other approved State Aid funding that a company has received over its life exceeds £15m.
- The first VCT or other approved State Aid investment is made more than 12 years after the company makes its first commercial sale.

There are exceptions and variations to these proposed new rules in certain circumstances.

It is unlikely that this legislation will be enacted until the negotiations with the European Commission have been concluded, which is expected to be later this year. The final details of any rule changes will not be known until that point. In the meantime, there will be a period in which the qualification status of some new investments may be uncertain. The Investment Manager will take full account of this when considering new investment opportunities.

Although frequent changes in VCT regulations add to the administration of the Company, the Board remains confident that the Investment Manager will be able to find and complete attractive investments and maintain its VCT qualification status.

OUTLOOK

The positive outlook for the economy is currently providing strong support for small and medium sized businesses aiming to achieve rapid growth. This is good news both for the Company's existing portfolio companies and for generating a strong flow of new opportunities for the Company to invest in. Since the start of the Company's current financial year, it has invested a total of £2.8 million and has several other potential investments in the pipeline.

Increasing confidence in the economy is also driving an active M&A market, with larger companies looking to grow by acquiring small and medium sized businesses. The Company made three profitable disposals to trade buyers in the year to February 2015 and has already disposed of Long Eaton Healthcare and Eagle-i Music since the year end with further possible exits in the current financial year.

The Directors believe that the Company has a well-diversified portfolio with good prospects of continuing to deliver attractive returns to shareholders. It is important, however, that we and the Investment Manager remain alert to the consequences of any potential deterioration in the current benign economic conditions. With this caveat, we remain optimistic about the Company's future prospects and are heartened that the election delivered a Government which is supportive of our activity.

Andrew Davison

Chairman

18 June 2015

INVESTMENT MANAGER'S REVIEW

INTRODUCTION

We have pleasure in presenting our annual review for the year ended 28 February 2015. The Company saw its busiest year ever in terms of investment, with over £18 million invested in twelve new investments and seven follow-on investments. These investments included the completion of the first three debt-only investments made in line with the objective of generating a higher return from the non-qualifying portion of the fund. Additionally the Company completed its first investment alongside funds managed by Beringea's US office, with a second joint US/UK investment completing after the year-end.

It was also an active year for disposals, with three companies sold during the year. Additional proceeds were also received from investments sold in previous years, most notably in relation to Steak Media, where "earn-out" proceeds of £1.5 million were received, although £1.4 million of this was recognised in last year's accounts. Total cash realisation proceeds in the year were £7.5 million. This was a reduction from £12.0 million in the prior year, when the sale of two investments, Fjordnet Limited and Espresso Group Limited, generated aggregate proceeds of £7.9 million.

At 28 February 2015, the Company's venture capital portfolio comprised 39 investments at a cost of £37.4 million and a valuation of £43.6 million, an overall uplift of 16.6% on cost.

The net cash outflow for the year before fund raising was £16.2 million. The Company's cash balances were, however, replenished by net funds raised during the year of £8.8 million. At the year end, the Company held £19.8 million of cash, ensuring that it has sufficient funds to take advantage of new investment opportunities.

INVESTMENT ACTIVITY

New investments

The Company made eight new qualifying equity investments, all of which were growth capital investments into companies which we believe have excellent potential for rapid growth. The largest investment (£2.6 million) was in Watchfinder.co.uk Limited, a retailer of certified pre-owned fine watches. The investment is already being used to broaden the company's inventory of luxury timepieces, support the roll-out of a multi-media marketing campaign and develop the company's service centre. Watchfinder.co.uk was listed as "One to watch" in the 2014 Sunday Times Virgin Fast Track 100 report. The second largest qualifying equity investment (£2.4 million) was in Chargemaster, the UK's leading provider of electric vehicle charging points.

Other qualifying equity investments were made in Perfect Channel (£1.7 million), an on-line auction company; MyOptique Group (£1.6 million), a leading European eyewear retailer; Response Tap (£1.1 million), a marketing technology company; InContext Solutions (£652,000), which provides retail store visualisation software; Big Data Partnership (£530,000), a "big data" consultancy; and Simplestream (£224,000), a leading provider of video streaming services.

InContext Solutions was the first investment the Company has completed alongside funds managed by our US office. Our US

presence provides a key differentiating factor in attracting and developing new and existing investments. It allows us to access investments that might not be available to more UK-centric investment managers and also helps us to win deals, particularly with companies operating, or planning to operate, in both the UK and North America. For existing portfolio companies, the US resources can assist with accessing customers, suppliers and possible funding sources in the US market. The US market is still, by some way, the key private equity market in the world, and we believe that our joint UK/US presence will improve the chances of the portfolio generating strong returns for Shareholders.

The Company made one non-qualifying equity investment, of £2.5 million, in the management buy-out of Maplin, the well-known retailer of consumer electronics. The Company was one of a syndicate of investors which provided finance for the transaction. The funding provides an opportunity to develop the brand and in particular the company's online offering.

The new equity investments are largely valued at cost, given their recent addition to the portfolio, but we are excited about their potential and hope to see valuation uplifts as they mature. Further commentary on a number of the new investments made in the year is provided on pages 14 to 21.

The Company made three non-qualifying debt-only investments during the year. These were into Speciality European Pharma (£2.4 million), a specialist pharmaceutical company; Celoxica (£750,000), a provider of accelerated market data for trading firms; and Peerius (£600,000), a website optimisation company.

Follow-on investments

The company made follow-on investments in seven companies. The largest of these (£317,000) was in Skills Matter. The investment is being used for the establishment of larger operating facilities. The second largest (£289,000) was in Speed-Trap Holdings. This investment was repaid before the end of the year when Speed-Trap Holdings was sold. All other follow-on investments were for less than £250,000.

Key developments at existing portfolio companies

Monica Vinader, the award-winning high-end fashion jewellery business, continued to make good progress. It opened a new flagship store in Chelsea and two international stores in Hong Kong and Dubai. It was also listed in the 2014 Sunday Times Virgin Fast Track 100 report, which ranks Britain's 100 private companies with the fastest growing sales over their latest three years, at number 41. The valuation of the Company's investment increased by £1.3 million over the course of the year.

Another company growing very quickly is Cognolink, a provider of primary research services for institutional investors. Cognolink saw revenues increase by 60% in 2013 and the company's rapid growth continued in 2014. The value of the Company's investment increased by £314,000 during the year. MatsSoft, a provider of business process management software, delivered a significant improvement in profit

during the year, following the development of a new version of its MATS platform. The valuation of the Company's investment in MatsSoft increased by £911,000 during the year. SPC International, which repairs and refurbishes IT hardware, is one of the longer held companies in the portfolio. It has delivered consistent results and repaid debt, with a resulting increase in the value of the Company's investment during the year of £599,000.

The Company's investment in Think, the strategic digital design agency, was reduced in value by £1.2 million, following a difficult trading period. The investment in Skills Matter also had a reduction in value, by £602,000, following a delay to the opening of its new training facility, as a consequence of a highly competitive London commercial property market. The facility, which will allow the company to expand the number and range of courses offered, is now expected to open in August 2015. Charterhouse Leisure, which operates a chain of casual dining restaurants trading under the brand Coal Grill and Bar, took on further debt in order to open a further three restaurants, bringing the total number of sites to ten. This increased borrowing has resulted in a reduction in value of the Company's equity and debt in the business of £350,000. However, we believe that the valuation will start to increase again once the expected profits from the new restaurants start to contribute to the company's profits.

Overall, the investment portfolio showed an uplift of £1.9 million, or 3.0p per share. Further detail on the investments is provided in the Investment Portfolio on pages 12 and 13 and Review of Investments on pages 14 to 21.

Investment disposals

The largest disposal during the year was of the investment in Speed-Trap Holdings, a big data analytics software company, which was acquired by AIM-listed IS Solutions plc in January 2015. As a result, the Company received its full investment cost, together with all outstanding loan note interest, in cash, as well as shares in IS Solutions which at the year end were valued at £1.2 million. We continue to hold these shares as IS Solutions looks to build upon the technology and intellectual property of Speed-Trap Holdings.

The Company's holdings in Eagle Rock Entertainment Group, a producer and distributor of music programming, and Pilat Media Global, a provider of media business management software, were also both sold to trade buyers at a profit to the previous carrying value, realising total proceeds of £1.4 million and £821,000, respectively.

The disposal in May 2011 of Steak Media, a digital marketing agency, to Dentsu, a major international advertising group, entitled the Company to an "earn-out" payment based on Steak's profits in the three years following the acquisition. As a result of very strong performance by Steak, the Company received an earn-out payment of £1.5 million in May 2014. The majority of this was accounted for in the prior year accounts but £137,000 has been included in the current year. This payment brought the total proceeds from the investment in Steak to £2.5 million, a multiple of 5.5 times the original cost.

The Company also received a number of loan note repayments during the year, including all the scheduled repayments from the debt-only investments and the final loan repayment for Sports Holdings in April 2014.

POST YEAR-END DEVELOPMENTS

The Company has made several new and follow-on investments totalling £2.8 million in the current financial year ending February 2016, with further deals in the pipeline. In March 2015, the Company made a new investment of £797,000 into D30 Holdings, an impact protection solutions company which licenses a range of unique patented smart materials. This market changing technology is used to produce a shock absorbing material which can be found in a range of products across the motorcycle, sport, footwear, electronics, military and work wear sectors. This is the Company's second investment made alongside funds managed by our US office.

In April 2015, the Company invested £570,000 into Sealskinz, which provides a range of waterproof and breathable outdoor accessories. The products are sold in leading outdoor retailers in the UK and abroad. A further investment of £675,000 into InContext Solutions was made in April 2015, as well as further amounts into Disposable Cubicle Curtains, Big Data Partnership, Chess Technologies and Senselogix.

In May 2015, the Company realised its investment in Long Eaton Healthcare Limited for slightly above its carrying value at the year end. In the same month, the Company realised its investment in Eagle-i Music Limited at its carrying value at the year end.

OUTLOOK

Twelve new companies were added to the investment portfolio in the year to February 2015. We are very pleased with the overall initial indications from this vintage and believe that it has the potential to deliver attractive returns for the Company. In addition, many of the companies that were in the portfolio at the start of the year are developing well.

We continue to seek investment opportunities for the Company which we believe have the potential to grow rapidly. The current financial year has seen a reasonable start. There is, however, greater competition for new investments, which in some cases results in entry valuations increasing to levels we are not prepared to agree to. Consequently, the rate of investment in the current year may not match that in the year to February 2015.

In general, the current benign economic conditions in the UK are providing an attractive environment in which to find, nurture and exit from entrepreneurial, rapidly growing small and medium sized companies and therefore deliver good returns to the Company's shareholders. While these conditions continue, we remain optimistic about the future performance of the Company's investments and the returns to Shareholders.

Beringea LLP

18 June 2015

INVESTMENT ACTIVITY

Investment activity during the year is summarised as follows:

Additions	Cost £'000
Watchfinder.co.uk Limited	2,629
MEL Topco Limited (t/a Maplin Electronics)	2,500
Chargemaster plc	2,421
Speciality European Pharma Limited	2,375
Perfect Channel Limited	1,745
MyOptique Group Limited	1,600
Response Tap Limited	1,060
Celoxica Limited	750
InContext Solutions, Inc	652
Peerius Limited	600
Big Data Partnership Limited	530
IS Solutions plc*	493
Skills Matter Limited	317
Speed-Trap Holdings Limited	289
Simplestream Limited	224
Charterhouse Leisure Limited	175
Senselogix Limited	135
Monica Vinader Limited	78
Chess Technologies Limited	28
Eagle-i Music Limited	13
Total	18,614

* Speed-Trap Holdings Limited was disposed of during the year. As part of the disposal, the Company received shares valued at £493,000, on the disposal date, in IS Solutions plc. This transaction has been included in the table above.

Disposals	Cost £'000	Market value at 01/03/14 [†] £000	Disposal Proceeds £'000	Gain/ (loss) against cost £'000	Total realised gain/(loss) during the year £'000
Eagle Rock Entertainment Group Limited	1,224	1,169	1,425	201	256
Speed-Trap Holdings Limited	1,669	761	2,153	484	1,392
SPC International Limited*	326	326	326	–	–
Donatantonio Group Limited*	219	285	285	66	–
Pilat Media Global plc	173	802	821	648	19
Peerius Limited*	173	173	173	–	–
Celoxica Limited*	114	114	114	–	–
Blis Media Limited*	79	79	79	–	–
Sports Holding Limited*	37	32	32	(5)	–
Speciality European Pharma Limited*	13	13	13	–	–
MEL Topco Limited (t/a Maplin)	4	4	4	–	–
Steak Media Limited	–	–	137	137	137
Fjordnet Limited	–	–	58	58	58
Espresso Group Limited	–	–	47	47	47
Saffron Media Limited	–	–	15	15	15
Isango! Limited	–	–	1	1	1
Total	4,031	3,758	5,683	1,652	1,925

[†] Adjusted for purchases during the year

* Loan repayments during the year

Of the investments above, Steak Media Limited, Fjordnet Limited, Espresso Group Limited, Saffron Media Limited and Isango! Limited were realised in prior periods but received proceeds in the current period in excess of the amounts previously accrued.

INVESTMENT PORTFOLIO

AS AT 28 FEBRUARY 2015

The following investments were held at 28 February 2015:

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Monica Vinader Limited**	1,525	5,495	1,266	8.7%
Watchfinder.co.uk Limited	2,629	2,629	–	4.1%
MEL Topco Limited (t/a Maplin Electronics)*	2,496	2,496	–	3.9%
Chargemaster plc	2,421	2,421	–	3.8%
Speciality European Pharma Limited*	2,362	2,362	–	3.7%
SPC International Limited**	820	2,183	599	3.4%
Pulpitum Limited	2,100	1,982	(118)	3.1%
Cognolink Limited	949	1,934	314	3.0%
Cogora Group Limited	975	1,829	422	2.9%
Perfect Channel Limited	1,745	1,745	–	2.8%
Think Limited**	1,606	1,733	(1,237)	2.7%
MyOptique Group Limited	1,600	1,600	–	2.5%
Blis Media Limited**	404	1,380	151	2.2%
Donatantonio Group Limited**	1,177	1,350	135	2.1%
Disposable Cubicle Curtains Limited	1,270	1,270	–	2.0%
IS Solutions plc	493	1,215	722	1.9%
Utility Exchange Online Limited	1,110	1,194	129	1.9%
MatsSoft Limited**	1,010	1,170	911	1.8%
Response Tap Limited	1,060	1,060	–	1.7%
Charterhouse Leisure Limited	875	1,039	(350)	1.6%
APM Healthcare Limited	500	783	62	1.2%
InContext Solutions, Inc	652	647	(5)	1.0%
Celoxica Limited*	636	636	–	1.0%
Inskin Media Limited	365	555	42	0.9%
Big Data Partnership Limited	530	530	–	0.8%
Chess Technologies Limited	628	478	(113)	0.8%
Cross Solar PV Limited	343	476	109	0.8%
Peerius Limited*	427	427	–	0.7%
Skills Matter Limited**	919	317	(602)	0.5%
Campden Wealth Limited*	227	227	–	0.4%
Simplestream Limited	224	227	3	0.4%
Senselogix Limited	825	101	(194)	0.2%

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
7digital Group plc (formerly UBC Media Group plc)**	1,101	60	(130)	0.1%
Dianomi Limited	105	55	—	0.1%
Eagle-i Music Limited**	13	13	—	0.1%
Long Eaton Healthcare Limited	1	5	3	0.0%
	36,123	43,624	2,119	68.8%
Other venture capital investments	1,289	—	(257)	0.0%
Total venture capital investments	37,412	43,624	1,862	68.8%
Cash at bank and in hand		19,787		31.2%
Total investments		63,411		100.0%

Other venture capital investments at 28 February 2015 comprise: Cinergy International Limited, Steribottle Global Limited* and Vigilant Applications Limited*.

* Non qualifying investment

** Partially non qualifying investment

With the exception of 7digital Group plc (formerly UBC Media Group plc) and IS Solutions plc, which are quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exception of Think Limited and SPC International Limited, were also held by ProVen Growth & Income VCT plc, of which Beringea LLP is the Investment Manager.

Blis Media Limited, Cogora Group Limited, Cross Solar PV Limited, Donatantonio Group Limited, Eagle-i Music Limited, Long Eaton Healthcare Limited and SPC International Limited, were also held by ProVen Planned Exit VCT plc, of which Beringea LLP is the Investment Manager.

All venture capital investments are registered in England and Wales except for InContext Solutions, Inc., a Delaware registered corporation in the United States of America.

REVIEW OF INVESTMENTS

AS AT 28 FEBRUARY 2015

Further details of the ten largest unquoted investments (by value) are set out below:

MONICA VINADER LIMITED www.monicavinader.com

Monica Vinader is an award-winning high-end fashion jewellery brand. The elegant vibrant collections, which have been showcased across the U.K., Europe, Japan and U.S., focus predominately on gold, silver and semi-precious stones and have demonstrated broad appeal amongst customers, celebrity clients and the fashion press. In 2009, the brand was awarded "UK Jewellery Brand of the Year" and Monica Vinader is now regularly featured in glossy magazines such as Vogue, Harpers and Grazia. The celebrity following includes Cameron Diaz, Keira Knightley and Rita Ora.



Cost:	£1,525,000		Valuation method:	Revenue multiple
<i>Investment comprises:</i>			Valuation at 28/02/15:	£5,495,000
Ordinary Shares:	£1,344,000		Valuation at 28/02/14:	£4,151,000
Preference shares:	£181,000			
Audited accounts:	31/07/14	31/07/13	Dividend income:	£–
Turnover:	£14.0m	£7.6m	Loan note income:	n/a
Profit before tax:	£0.6m	£0.1m	Proportion of equity held:	17.4%
Net assets:	£3.6m	£2.7m	Diluted equity:	17.4%

WATCHFINDER.CO.UK LIMITED www.watchfinder.co.uk

Watchfinder is the UK's premier reseller of preowned luxury watches. Watchfinder has a full-service, manufacturer specification service centre in Maidstone, Kent. The company buys preowned watches from the public, services them to near-new specification, and resells them via its website and its retail shops at London's Royal Exchange and Bluewater Shopping Mall.



Cost:	£2,629,000		Valuation method:	Cost
<i>Investment comprises:</i>			Valuation at 28/02/15:	£2,629,000
Ordinary shares:	£2,629,000		Valuation at 28/02/14:	n/a
Audited accounts:	31/03/2014	31/03/2013	Dividend income:	£–
Turnover:	£25.1m	£16.2m	Loan note income:	n/a
Profit before tax:	£1.0m	£0.5m	Proportion of equity held:	12.4%
Net assets:	£1.0m	£0.5m	Diluted equity:	12.4%

MEL TOPCO LIMITED (T/A MAPLIN ELECTRONICS)
www.maplin.co.uk

Maplin Electronics is a leading retailer of electronic goods in the UK and Ireland with over 200 stores. The company operates an extensive online, telephone, and mail-order sales service.



Cost:	£2,496,000		Valuation method:	Cost
<i>Investment comprises:</i>			Valuation at 28/02/15:	£2,496,000
Ordinary shares:	£27,000		Valuation at 28/02/14:	n/a
Loan stock:	£2,469,000			
Unaudited accounts:	22/03/14*	29/12/2012	Dividend income:	£–
Turnover:	£269.3m	£213.5m	Loan note income:	£–
Loss before tax:	(£0.2m)	(£0.1m)	Proportion of equity held:	2.8%
Net liabilities:	(£0.1m)	(£0.3m)	Diluted equity:	2.8%

* Accounts for the 64 weeks ending 22 March 2014

CHARGEMASTER PLC
www.chargemastrerplc.com

Chargemaster's principal activities are the design, manufacturing, sale, maintenance and operation of electric vehicle charging equipment.



Cost:	£2,421,000		Valuation method:	Cost
<i>Investment comprises:</i>			Valuation at 28/02/15:	£2,421,000
Ordinary shares:	£2,421,000		Valuation at 28/02/14:	n/a
Audited accounts:	31/12/14	31/12/13	Dividend income:	£–
Turnover:	£12.8m	£5.4m	Loan note income:	n/a
Profit/(loss) before tax:	£1.2m	(£0.1m)	Proportion of equity held:	7.0%
Net assets:	£15.4m	£6.3m	Diluted equity:	7.0%

REVIEW OF INVESTMENTS

CONTINUED

SPECIALITY EUROPEAN PHARMA LIMITED www.specialityeuropeanpharma.com

Speciality European Pharma Limited ("SEP") was founded in April 2006 with a mission to become a leading player in the expanding European speciality pharmaceutical market. Since its formation, SEP has largely focused upon products aimed at the urology or urogynaecology markets, primarily in Europe. SEP seeks to acquire, license or distribute pharmaceutical products, medical devices or diagnostics aimed at its target markets. Such products are sold throughout Europe by SEP's dedicated sales force. Where SEP retains rights to products outside Europe it seeks to establish distribution relationships with expert partners for such territories.



Cost:	£2,362,000		Valuation method:	Cost
<i>Investment comprises:</i>			Valuation at 28/02/15:	£2,362,000
Loan stock:	£2,362,000		Valuation at 28/02/14:	n/a
Audited accounts:	31/12/13	31/12/12	Dividend income:	n/a
Turnover:	£9.8m	£5.9m	Loan note income:	£37,000
Loss before tax:	(£2.7m)	(£4.4m)	Proportion of equity held:	n/a
Net assets:	£2.5m	£5.0m	Diluted equity:	n/a

SPC INTERNATIONAL LIMITED www.spcint.com

SPC specialises in the repair and refurbishment of electronic equipment in the IT, banking and retail sectors. It has operations in the UK, France, Slovakia and India.



Cost:	£820,000		Valuation method:	Earnings multiple
<i>Investment comprises:</i>			Valuation at 28/02/15:	£2,183,000
Ordinary shares:	£386,000		Valuation at 28/02/14:	£1,910,000
Loan stock:	£434,000		Dividend income:	£–
Audited accounts:	30/09/13	30/09/12	Loan note income:	£72,000
Turnover:	£18.0m	£17.5m	Proportion of equity held:	24.7%
Profit before tax:	£0.6m	£0.2m	Diluted equity:	24.7%
Net assets:	£3.7m	£3.3m		

PULPITUM LIMITED

Pulpitum Limited is a company which will look to acquire attractive businesses within the digital sector.

pulpitum

Cost:	£2,100,000	Valuation method:	Net asset value
<i>Investment comprises:</i>		Valuation at 28/02/15:	£1,982,000
Ordinary shares:	£1,050,000	Valuation at 28/02/14:	£2,100,000
Loan stock:	£1,050,000		
Audited accounts:		Dividend income:	£–
Turnover:	No accounts prepared	Loan note income:	£105,000
Profit before tax:	No accounts prepared	Proportion of equity held:	20.6%
Net assets:	No accounts prepared	Diluted equity:	20.6%

COGNOLINK LIMITED

www.cognolink.com

Cognolink offers primary research services to private equity firms, hedge funds, asset managers and large consulting businesses.

COGNOLINK

Cost:	£949,000	Valuation method:	Earnings multiple
<i>Investment comprises:</i>		Valuation at 28/02/15:	£1,934,000
Ordinary shares:	£474,500	Valuation at 28/02/14:	£1,620,000
Preference shares:	£474,500		
Audited accounts:	31/12/13	31/12/12	
Turnover:	£13.9m	£8.7m	£–
Loss before tax:	(£0.1m)	(£0.7m)	n/a
Net assets:	£1.4m	£1.6m	4.0%
		Dividend income:	4.0%
		Loan note income:	
		Proportion of equity held:	
		Diluted equity:	

REVIEW OF INVESTMENTS

CONTINUED

COGORA GROUP LIMITED www.cogora.com

Cogora Group is a magazine publisher and event organiser in the healthcare sectors. The company publishes a range of titles, many of which are endorsed by the relevant professional bodies. The business has a strong and proven management team and operates in sectors which are regarded as more resilient to adverse macro-economic movements.



Cost:	£975,000		Valuation method:	Earnings multiple
<i>Investment comprises:</i>			Valuation at 28/02/15:	£1,829,000
Ordinary shares:		£364,000	Valuation at 28/02/14:	£1,407,000
Loan stock:		£611,000		
Audited accounts:	31/12/14	31/12/13	Dividend income:	£–
Turnover:	£8.8m	£4.7m	Loan note income:	£34,000
(Loss)/profit before tax:	(£0.2m)	£2.8m	Proportion of equity held:	23.3%
Net assets:	£1.4m	£1.5m	Diluted equity:	23.3%

PERFECT CHANNEL LIMITED www.perfectchannel.com

Perfect Channel provides an analytics driven auction platform that brings buyers and sellers together to optimise price and value.



Cost:	£1,745,000		Valuation method:	Cost
<i>Investment comprises:</i>			Valuation at 28/02/15:	£1,745,000
Ordinary shares:		£1,745,000	Valuation at 28/02/14:	n/a
Unaudited abbreviated accounts:	31/12/13	31/12/12	Dividend income:	£–
Turnover:	Not published	Not published	Loan note income:	n/a
Profit before tax:	Not published	Not published	Proportion of equity held:	21.8%
Net assets/(liabilities):	£0.2m	(£0.2m)	Diluted equity:	21.8%

Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio company confidentiality, is not disclosed here.

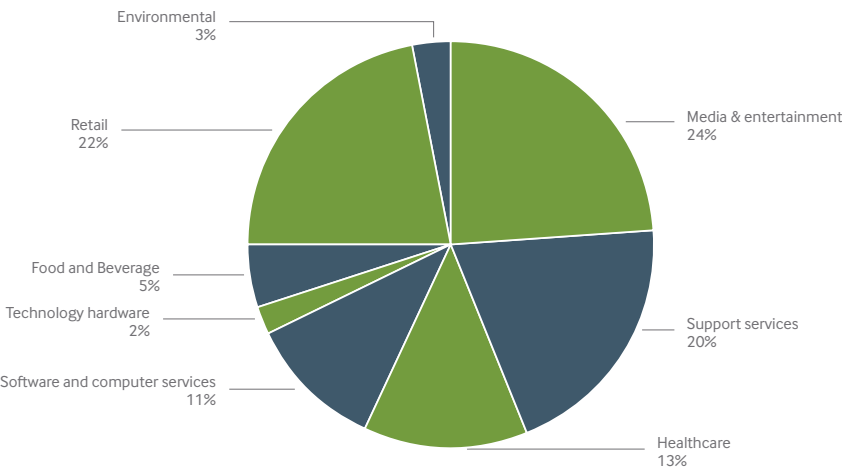
The proportion of equity held in each investment represents the level of voting rights held by the Company in respect of the investment.

ANALYSIS OF INVESTMENTS BY COMMERCIAL SECTOR

The split of the venture capital investments by commercial sector (by value and cost at 28 February 2015) is summarised as follows:

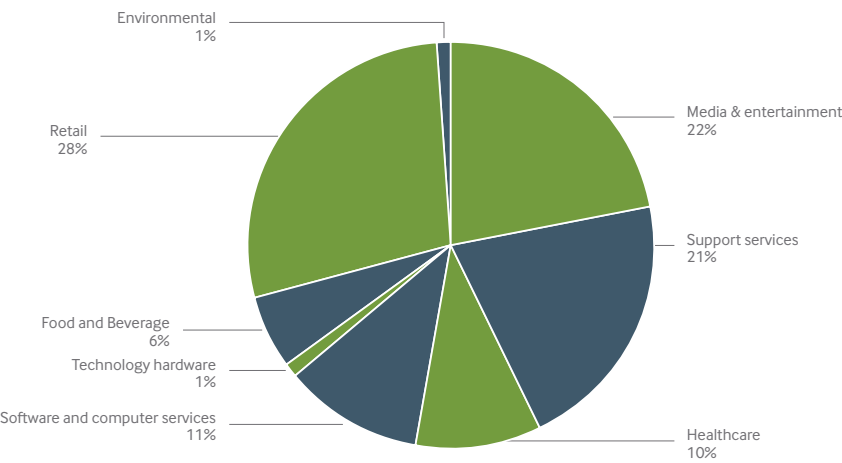
SPREAD OF INVESTMENTS BY SECTOR

Based on cost



SPREAD OF INVESTMENTS BY SECTOR

Based on value



COMPANY PROFILES

Beringea LLP works closely with the Company's portfolio companies with the aim of maximising returns to the VCT shareholders. Below we provide further information on some of the current portfolio companies.

CHARGEMASTER PLC

www.chargemasterplc.com



Chargemaster is the UK's leading designer, manufacturer and operator of electric vehicle charging points. The company provides Electric Vehicle ("EV") charging units for the home, business and public sector. These vehicle charging points are manufactured at the company's Luton base and include rapid chargers, post-mounted stations, wall-mounted stations and domestic home chargers. Chargemaster also runs a subscription service, The Polar Network, that offers EV owners access to over 10,000 charge points throughout the UK.

The Company invested £2.4 million in the company, alongside £1.1 million from ProVen Growth and Income VCT, to enable it to expand its operations throughout Europe. The company was attractive for several reasons: most notably the strength of the management team, the rapidly expanding market for EVs (driven in part by Government and EU legislation and subsidy) and the strength of products developed and manufactured by the company. Following the investment, the company has enjoyed continued strong profitable growth with sales more than doubling in the year ended December 2014.

The outlook for growth in the EV market this year is expected to continue at a similar rate to that enjoyed last year as substantially all the major motor manufacturers will be introducing new and more compelling EVs and EV hybrids to the market. In order to stay ahead of the competition, Chargemaster will continue to build on its growing network of charge points and is also making a substantial investment in new charging technology designed to improve the EV charging experience.

MEL TOPCO LIMITED (T/A MAPLIN ELECTRONICS)

www.maplin.co.uk



Maplin Electronics is a retailer of consumer electronics in the UK and Ireland. The company operates from over 200 retail stores and also offers an extensive online, telephone, and mail-order sales service. The Company invested £2.5 million, alongside £2.5 million from ProVen Growth and Income VCT, in August 2014 as part of a syndicate of investors led by Rutland Partners to fund the management buy-out of Maplin from Montagu Private Equity.

The buy-out team's plan of action post investment has focused on extending the reach of Maplin through a continued programme of store openings, an increase in the breadth of products on offer and a substantial investment in both online and distribution infrastructure. This is expected to enhance the multi-channel retail experience for customers whilst maintaining the company's reputation for good customer service and will ultimately lead to accelerated revenue growth.

Due to the size of the company and the number of employees, the investment was non-qualifying under HMRC rules but was seen as a good opportunity to support an attractively priced MBO with a management team and syndicate of investors who have solid experience in the retail sector.

MYOPTIQUE GROUP LIMITED

www.myoptique.com



MyOptique Group, the parent company of 'Glasses Direct', 'Sunglasses Shop', 'LensOn' and 'Netzoptiker', is a leading European online retailer of eyewear.

MyOptique is leading the online disruption of the €25bn European eyewear market where the benefits of ecommerce can reduce the cost of glasses and contact lenses to the customer by more than 20% when compared to products sold on the high street. However currently less than 5% of all eyewear sales take place online therefore providing a huge opportunity as consumers become aware of the online purchasing option.

The company's exceptional management team has great historic experience in ecommerce, online marketing and logistics. The company provides prescription glasses, sunglasses and contact lenses to 12 countries via localised web sites in 10 languages and its physical offices in the UK, Sweden and Germany.

The Company invested £1.6 million, alongside £2.4 million from ProVen Growth and Income VCT, to enable MyOptique to enter additional international markets and to support investment in marketing.

PERFECT CHANNEL LIMITED

www.perfectchannel.com



Perfect Channel is a software business that develops auction solutions for enterprise clients. As digital marketing provides businesses with much greater distribution to potentially reach a much larger audience, bidirectional dynamic pricing models enable businesses to achieve optimal pricing for this more sizeable audience. Perfect Channel clients include Christie's, Leaseplan, Lloyd's of London and Agriclear.

The company's management team has more than 15 years' experience of auction theory and developing specific auction solutions for a range of companies and have an impressive client roster for such a young company.

The Company invested £1.7 million as part of a Series A investment round to expand the management team and to productise the offering. The company has subsequently attracted a strong senior management team to continue to scale the business.

SPECIALITY EUROPEAN PHARMA LIMITED

www.specialityeuropeanpharma.com



Speciality European Pharma ("SEP") was founded in April 2006, with the backing of the life science venture team at Advent Life Sciences, with a mission to become a leading player in the expanding European speciality pharmaceutical market.

Since its foundation SEP has largely focussed on products aimed at the urology or urogynaecology markets, primarily in Europe. SEP seeks to acquire, license or distribute pharmaceutical products, medical devices or diagnostics aimed at its target market. Such products are sold throughout Europe by SEP's dedicated sales force. Where SEP retains rights to products outside Europe, it seeks to establish distribution relationships with expert partners for such territories.

In April 2013 SEP had the opportunity to acquire Danish company, Contura. Contura have two products on the market; Aquamid a soft tissue filler for use in cosmetic surgery; and Bulkamid, a bulking agent for the treatment of urinary stress incontinence.

The secured debt funding totalling £4.75 million, split equally between the Company and ProVen Growth and Income VCT, will enable SEP to consolidate its position as a leading pan-European speciality urology company and support its future growth. The debt funding is part of a shareholder approved debt strategy designed to improve returns from the Company's non-qualifying portfolio.

WATCHFINDER.CO.UK LIMITED

www.watchfinder.co.uk



Watchfinder.co.uk Limited is the UK's premier reseller of preowned luxury watches. Watchfinder has a full-service, manufacturer specification service centre in Maidstone, Kent. The company buys preowned watches from the public, services them to near-new specification, and resells them via www.watchfinder.co.uk and its retail shops at London's Royal Exchange and Bluewater Shopping Mall. Unlike peer-to-peer marketplace models, Watchfinder is able to validate the authenticity of inventory, assure the watch is currently serviced, and provide its own extended warranty.

Nearly one third of Watchfinder's customers are repeat customers, and a further third both sell and buy a watch at the same time (part exchange). Watchfinder has top-level customer reviews online, is growing at 50% year on year, and has been profitable since inception.

The Company invested £2.6 million in Watchfinder in 2014, alongside ProVen Growth and Income VCT and other investors, to expand inventory and provide limited liquidity for the management team.

BOARD OF DIRECTORS



ANDREW DAVISON
Chairman

Andrew has over 30 years' experience of the financial services industry. He was formerly Managing Director of NatWest Ventures, which specialised in venture capital investments, and is a former council member of the British Venture Capital Association. He was formerly the chairman of a number of companies including City of London Investment Group plc, The Ethical AIM VCT plc and ProVen Growth and Income VCT plc and a director of Downing Income 3 VCT plc.

BARRY DEAN



Barry has over 25 years' experience in the venture capital industry, including 15 years as Managing Director of Dresdner Kleinwort Benson Private Equity Limited. He is currently a director of Downing ONE VCT plc and Elderstreet VCT plc. He was formerly a director of Henderson Private Equity Investment Trust plc and Downing Absolute Income VCT 2 plc.



MALCOLM MOSS

Malcolm is a Senior Managing Director of Beringea LLC and a founder of Beringea LLP. Over the last 20 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT plc, ProVen Growth & Income VCT plc and ProVen Planned Exit VCT plc, he sits on the investment committees of Beringea's three other venture capital funds and as a non-executive director on several other portfolio investments. Prior to founding Beringea, Malcolm gained Europe-wide industrial, planning and analytical experience in healthcare, engineering and financial services with, respectively, Baxter International, Uniroyal Inc. and Lloyds TSB Group.

LORNA TILBIAN



Lorna is an Executive Director and Head of the Media Sector at Numis Securities Limited. Lorna has been a top-ranked media analyst by Institutional Investor and Thomson Reuters Extel from 1987 to 2012. She was previously a director at SG Warburg and West LB Panmure. Lorna is a non-executive director of Jupiter Primadona Growth Trust.

All the Directors are non-executive and, with the exception of Malcolm Moss, are independent of the Investment Manager.

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 28 February 2015. The Board prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

PRINCIPAL OBJECTIVES AND STRATEGY

The Company's principal objective is to achieve long-term returns greater than those available from investing in a portfolio of quoted companies, by investing in:

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments including cash, liquidity funds, fixed interest securities, debt and debt-related securities in growth companies and non-qualifying venture capital investments,

within the conditions imposed on all VCTs and to minimise the risk of each investment and the portfolio as a whole. The Board believe the Company is performing well against the principal objective, as demonstrated by the performance graph on page 38.

The Company has been approved by HM Revenue and Customs ("HMRC") as a Venture Capital Trust in accordance with Part 6 of the Income Tax Act 2007, and in the opinion of the Directors the Company has conducted its affairs so as to enable it to continue to maintain approval. Approval for the year ended 28 February 2015 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

BUSINESS MODEL

The business acts as an investment company, investing in a portfolio of carefully selected smaller companies. The Company operates as a Venture Capital Trust to ensure that its shareholders can benefit from tax reliefs available and have outsourced the portfolio management and administration duties.

BUSINESS REVIEW AND DEVELOPMENTS

The fund began the year with £26.9 million of investments and ended with £43.6 million spread over a portfolio of 39 companies. 34 of these investments with a value of £37.5 million were VCT qualifying (or part qualifying).

The profit on ordinary activities after taxation for the year was £3.1 million, comprising a revenue profit of £360,000 and a capital profit of £2.8 million. The Ongoing Charges ratio (excluding performance fees and recoverable VAT) in respect of the year ended 28 February 2015, based on average net assets during the year, was 2.6% (2014: 2.6%).

The Company's business review and developments during the year are reviewed further within the Chairman's Statement, Investment Manager's Review and Review of Investments.

INVESTMENT POLICY

The Company's investment policy covers several areas as follows:

Qualifying investments

The Company seeks to make investments in VCT Qualifying companies with the following characteristics:

- a strong, balanced and well-motivated management team with a proven track record of achievement;
- a defensible market position;
- good growth potential;
- an attractive entry price for the Company;
- the ability to structure the investment with a proportion of secured loan notes in order to reduce risk; and
- a clearly identified route for a profitable realisation within a three to four year period.

The Company invests in companies at various stages of development, including those requiring capital for expansion and in management buy-outs, but not in start-ups. Investments are spread across a range of different sectors.

Other investments

Funds not invested in qualifying investments will be held in cash, fixed interest securities of A- rating or better, investments originated in line with the Company's qualifying VCT policy but which do not qualify under the VCT rules for technical reasons and debt and debt-related securities in growth companies.

STRATEGIC REPORT

CONTINUED

LISTING RULES

In accordance with the Listing Rules:

- (i) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made in other listed closed-ended investment funds except listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds;
- (ii) the Company must not conduct any trading activity which is significant in the context of the Company; and
- (iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 Income Tax Act 2007.

VENTURE CAPITAL TRUST REGULATIONS

The Company has engaged Robertson Hare LLP to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate and regular review of the portfolio. Although Robertson Hare LLP works closely with the Investment Manager and Administration Manager, they report directly to the Board.

Compliance with the main VCT regulations as at 28 February 2015 and for the year then ended is summarised as follows:

- | | |
|--|----------|
| 1. At least 70% by value of the Company's investments has been represented by qualifying holdings | Complied |
| 2. At least 30% of the Company's qualifying investments in "eligible shares" for funds raised before 6 April 2011 | Complied |
| 3. At least 70% of the Company's qualifying investments in "eligible shares" for funds raised on or after 6 April 2011 | Complied |
| 4. At least 10% of each qualifying investment is held in "eligible shares" | Complied |
| 5. No investment has at any time during the period, represented more than 15% by value of the Company's investments, at the time of the investment | Complied |
| 6. The Company's income is derived wholly or mainly from shares and securities | Complied |
| 7. No more than 15% of the income from shares and securities is retained | Complied |
| 8. The Company has not made an investment in a company which causes a breach of the £5 million investment limit conditions | Complied |
| 9. The Company's ordinary share capital has throughout the period been listed on a regulated European market | Complied |
| 10. The Company has not made a prohibited payment to Shareholders derived from an issue of shares since 6 April 2014 | Complied |

BORROWINGS

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount effectively equal to the sum of its share capital and reserves, which, at 28 February 2015, was equal to £63.1 million (2014: £56.1 million). There are no plans to utilise this facility at the current time.

INVESTMENT MANAGEMENT AND ADMINISTRATION FEES

Beringea LLP ("Beringea" or the "Investment Manager") provides investment management services to the Company for an annual fee of 2.0% of the net assets per annum. Beringea is also entitled to receive performance incentive fees as described below. The investment management agreement is terminable by either party at any time by one year's prior written notice. The investment management fees amounted to £1,239,000 (2014: £977,000) (inclusive of VAT where applicable), of which £291,000 (2014: £259,000) was outstanding at the year-end.

The Board is satisfied with Beringea's approach and procedures in providing investment management services to the Company. The Directors have therefore concluded that the continuing appointment of Beringea as investment manager remains in the best interests of Shareholders.

Downing LLP provided administration services to the Company up to 13 January 2015, at which point Beringea was appointed the Company's Administration Manager. In the year, Downing LLP's administration fees amounted to £56,000 (2014: £57,000) of which £14,000 (2014: £14,000) was outstanding at the year-end. There were no fees paid or accrued in the year for Beringea's administration services.

The annual running costs (excluding any performance fees payable) of the Company are subject to a cap of 3.25% of the Company's net assets at the end of the year. Any running costs in excess of this are borne by Beringea.

Beringea also received arrangement fees in respect of investments made by the Company and other VCTs managed by Beringea totalling £575,000 and monitoring fees of £714,000.

PERFORMANCE INCENTIVE FEES

In line with normal VCT practice, the Company has performance incentive fee arrangements with Beringea whereby the Investment Manager is entitled to receive a performance related fee in relation to the Ordinary Shares, in order to align the interests of the Investment Manager as closely as possible with those of the Shareholders and to encourage and reward exceptional investment performance.

The performance related fee structure is designed to encourage significant payments to Shareholders by means of tax-free dividends, as well as capital growth.

For the financial years starting after 29 February 2012, a performance incentive fee will be payable in relation to the Ordinary Shares if, at the end of a financial year, the New Performance Value exceeds the Hurdle using the definitions below. In this event, the performance incentive fee will be equal to 20% of the amount by which the New Performance Value exceeds the Initial Net Asset Value, multiplied by the average number of Ordinary Shares in issue during the relevant financial year, less the amount of any performance incentive fee already paid in relation to previous financial years starting after 29 February 2012 (which will not include, for the avoidance of doubt, the residual performance incentive fee arrangements in respect of Espresso Group Limited and Think Limited as described below).

New Performance Value: In respect of the relevant financial year end, the sum of (i) the net asset value per Ordinary Share at that date, (ii) all dividends per Ordinary Share paid in relation to financial years starting after 29 February 2012 up to the relevant financial year, (iii) all performance related incentive fees per Ordinary Share paid by the Company to the Investment Manager in relation to financial years starting after 29 February 2012, (iv) any 'C' Share Adjustment (whether relating to that or any prior financial year), and (v) any Residual PIF Adjustment (whether relating to that or any prior financial year).

Hurdle: The greater of:

- (i) 1.25 times the Initial Net Asset Value, and
- (ii) the Initial Net Asset Value increased, as from 31 August 2011, by the Bank of England base rate plus 1% per annum (compound)

Residual PIF Adjustment: The performance incentive fee relating to the sale of Espresso Group Limited and Think Limited, as set out below ("Residual PIF"), divided by the number of Ordinary Shares in issue on 31 August 2011, assuming that the number of Ordinary Shares in issue on 31 August 2011 included the New Ordinary Shares subsequently issued under the Ordinary Share offer for subscription launched on 8 December 2012.

In consideration of the Manager's performance in managing the Original Ordinary Share Portfolio, a performance incentive fee linked to the profit achieved on the future disposal of two investments from this portfolio, Espresso Group Limited and Think Limited, will be payable, known as the "Residual PIF". This performance incentive fee will be equal to 20% of the aggregate profit realised on the sale of Espresso Group Limited and Think Limited, subject to a maximum fee of £673,000 (being 20% of the aggregate unrealised profit on these investments as at 31 August 2011).

If, after 29 February 2012, the New Performance Value is less than or equal to the Hurdle in any financial year, no performance incentive fee will be payable in respect of that financial year.

The new performance incentive fee per Ordinary Share payable in relation to a financial year will be reduced, if necessary, to ensure that (i) the cumulative new performance incentive fee per Ordinary Share payable in relation to financial years starting after 29 February 2012 does not exceed 20% of Cumulative Dividends per Ordinary Share paid in relation to those financial years and (ii) the New Total Return per Ordinary Share is at least equal to the Hurdle.

As at the 28 February 2015, the Performance Value was 117.3p, comprising a NAV prior to the performance fee accrual of 101.0p, Cumulative Dividends of 15.0p and a Residual PIF Adjustment of 1.30p. With a Performance Value of 117.3p the hurdle has now been met and the Investment Manager is now eligible to receive performance fees. All fees paid under the new performance incentive arrangements will be inclusive of VAT, if applicable.

STRATEGIC REPORT

CONTINUED

The performance fees payable in respect of Ordinary Shares for the year under review were £59,000 (2014: £424,000) to Beringea and Enil (2014: £42,000) to Downing LLP, of which £65,000 (2014: £142,000) to Beringea LLP and Enil (2014: Enil) to Downing LLP was outstanding at the year end.

DIRECTORS AND SENIOR MANAGEMENT

The Company has four non-executive Directors at the year end, three of whom are male and one of whom is female. The Company has no employees and the same was true of the previous year.

KEY PERFORMANCE INDICATORS

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives (as shown below). The Board believes the Company's key performance indicators are Net Asset Value Total Return (NAV plus cumulative dividends paid to date) and dividends per share. The position of the Company's Net Asset Value Total Return at 28 February 2015 is on page 5.

In addition, the Board considers the Company's performance in relation to other VCTs. As reported at www.aicstats.co.uk, at 31 May 2015 (the latest published rankings by the AIC), the Company was ranked fifteen out of thirty-two VCTs based on Net Asset Value Total Return over a ten year period.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks faced by the Company, which include market price risk, interest rate risk, credit risk and liquidity risk (being minimal), are summarised within note 18 to the financial statements.

In addition to these risks, the Company, as a fully listed Company on the London Stock Exchange and as a Venture Capital Trust, operates in a complex regulatory environment and, therefore, faces a number of related risks. A breach of the VCT Regulations could result in the loss of VCT status, the loss of tax reliefs currently available to Shareholders and the Company being subject to capital gains tax. Serious breaches of other regulations, such as the Listing Rules of the Financial Conduct Authority and the Companies Act 2006, could lead to suspension from the Stock Exchange and damage to the Company's reputation.

The Board reviews and agrees policies for managing each of these risks. The Directors receive reports annually from the Investment Manager on the compliance of systems to manage these risks, and place reliance on the Investment Manager to give updates in the intervening periods. These policies have remained unchanged since the beginning of the financial year.

DIRECTORS' REMUNERATION

It is a requirement under Companies Act 2006 for shareholders to vote on the Directors remuneration every three years, or sooner if the Company wishes to make changes to the policy. The Directors remuneration policy is set out on page 35.

GREENHOUSE EMISSIONS

Whilst as a UK quoted company the VCT is required to report on its Greenhouse Gas (GHG) Emissions, as it outsources all of its activities and does not have any physical assets, property, employees or operations, it is not responsible for any direct emissions.

ENVIRONMENTAL, SOCIAL AND HUMAN RIGHTS POLICY

The Board seeks to conduct the Company's affairs responsibly. Where appropriate, the Board and Investment Manager take environmental, social and human rights factors into consideration.

FUTURE PROSPECTS

The Company's future prospects are set out in the Chairman's Statement and Investment Manager's Report.

The Directors do not foresee any major changes in the activity undertaken by the Company in the coming year. The Company continues with its objective to invest in unquoted companies throughout the United Kingdom with a view to minimising the risks of investment and providing both capital growth and dividend income to Shareholders over the long term whilst maintaining VCT qualifying status.

By order of the Board

Beringea LLP

Company Secretary of ProVen VCT plc

Company number: 03911323

39 Earlham Street

London WC2H 9LT

18 June 2015

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 28 February 2015.

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 Income and Corporation Taxes Act 1988.

RESULTS AND DIVIDENDS

	£'000	Pence per share
Return on ordinary activities after tax for the year ended 28 February 2015:	3,144	5.2p

During the year ended 28 February 2015, the Company paid a special interim dividend of 2.5p per Ordinary Share, and a final dividend of 2.5p, both in respect of the year ended 28 February 2014. An interim dividend of 2.5p per Ordinary Share was paid in respect of the year ended 28 February 2015.

The Board is proposing a final 2015 dividend of 2.5p per Ordinary share, to be paid on 31 July 2015 to Shareholders on the register at 3 July 2015.

DIRECTORS

In view of developments in corporate governance practice, the Board has decided that all Directors will retire at each Annual General Meeting. Accordingly all the Directors will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election. The Board recommends that Shareholders take into consideration each Director's considerable experience in VCTs and other areas, as shown in their respective biographies on page 22 together with the satisfactory results for the period, in order to support the resolutions to re-appoint all four Directors.

Each of the Directors has an agreed letter of appointment which is terminable by three months' notice on either side. To the extent permitted under the Companies Act 2006, the Company indemnifies each of the Directors against all costs, charges, losses, expenses and liabilities which might arise in the execution of their duties, save for certain exceptions. Each Director is required to devote such time to the affairs of the Company as the Board requires.

SHARE CAPITAL

The Company has one class of shares: Ordinary Shares of 10p each ("Ordinary Shares").

At the 2014 AGM, Shareholders authorised the Company to make market purchases of its own shares of up to 14.9% of the share capital in issue at that date and to waive pre-emption rights and issue up to 7,264,890 Ordinary Shares. At the current date, authority remains for the Company to make market purchases of up to 6,648,498 Ordinary Shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 22 July 2015.

During the year 14,303,227 shares were issued at between 97.9p and 102.1p per share, with an aggregate nominal value of £1,430,323 pursuant to the offer for subscription dated 22 October 2013. The aggregate consideration for the shares was £14,845,575 which excluded share issue costs of £484,000.

During the year, the Company repurchased a further 1,026,801 Ordinary Shares for an aggregate consideration (net of costs) of £958,325 being an average price of 93.3p per share and which represented 2.1% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £102,680. These shares were subsequently cancelled.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 110,820 Ordinary Shares at 99.6p per share to subscribing Shareholders on 31 March 2014, 813 Ordinary Shares at 99.6p per share to subscribing Shareholders on 30 May 2014, 162,276 Ordinary Shares at 98.3p per share to subscribing Shareholders on 25 July 2014 and 184,003 Ordinary Shares at 95.4p per share to subscribing Shareholders on 21 November 2014.

AUDITOR

A resolution to re-appoint BDO LLP as the Company's auditor will be proposed at the forthcoming AGM.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 1.30 p.m. on Wednesday 22 July 2015. Notice of the Annual General Meeting is at the end of this document.

SUBSTANTIAL INTERESTS

As at 28 February 2015, and at the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued share capital.

DIRECTORS' RESPONSIBILITIES

The Board considers that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and that they provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report, Strategic Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

WEBSITE PUBLICATION

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Investment Manager's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULE 4

Each of the Directors, whose names and functions are listed on page 22, confirms that to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report, Chairman's Statement, Strategic Report, Investment Manager's Review and Review of Investments include 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.

CORPORATE GOVERNANCE

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code (www.frc.org.uk) are shown on page 31.

DIRECTORS' REPORT

CONTINUED

The Statement of Corporate Governance describes how the principles and supporting principles within the UK Corporate Governance Code, published in September 2012, have been applied by the Company throughout the year ended 28 February 2015, except where disclosed within the Statement of Corporate Governance.

OTHER MATTERS

Information in respect of financial instruments, and future developments which were previously disclosed within the Directors' Report has been disclosed within the Strategic Report on pages 23 to 27.

POST BALANCE SHEET EVENTS

The Company launched a top up offer for subscription dated 6 March 2015 for the 2014/2015 and 2015/2016 tax years. This offer was announced as fully subscribed on 27 March 2015.

Between 28 February 2015 and the date of this report, the Company issued 3,425,418 Ordinary Shares for an aggregate consideration of £3.4 million. Share issue costs thereon amounted to £72,000.

The Company has made number of investments after the year end. These have been disclosed in the Investment Manager's Review on page 9.

In May 2015, the Company realised its investment in Long Eaton Healthcare Limited for slightly above its carrying value at the year end. In the same month, the Company realised its investment in Eagle-i Music Limited, at its carrying value at the year end.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors in office at the date of the report have confirmed, as far as they are aware, that there is no relevant audit information of which the Auditor is unaware. Each of the Directors have confirmed that they 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 it has been communicated to the Auditor. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

Beringea LLP

Company Secretary
39 Earlham Street
London WC2H 9LT
18 June 2015

STATEMENT OF CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code issued in September 2012 (the "Code") being the principles of good governance and the code of best practice, as set out in the Code.

APPLICATION OF THE PRINCIPLES OF THE CODE

The Board attaches importance to matters set out in the Code and its principles.

The Company has complied with the recommendations of the Code except as set out below.

- the role of the chief executive (Code provision A.2.1);
- executive directors' remuneration (Code provisions D.1.1, D.1.2, D.2.2 and D.2.4); and
- as the Company has no staff other than its Directors, there are no procedures in place relating to whistleblowing (Code provision C.3.5). The Board understands that the Investment Manager has whistleblowing procedures in place.

The Board considers that these provisions are not relevant to ProVen VCT plc being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result the Company has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

THE BOARD

The Company has a Board comprising four non-executive Directors. The Chairman is Andrew Davison and the Senior Independent Director is Barry Dean. Andrew Davison, Barry Dean and Lorna Tilbian are considered to be independent Directors by the Board. The Board recognises that Andrew Davison and Barry Dean have both served as Directors for over nine years but does not believe that this tenure has a direct bearing on their independence. Malcolm Moss is not independent by virtue of also being a partner of the Investment Manager. Biographical details of all Board members (including the significant commitments of the Chairman) are shown on page 22.

In accordance with Company policy all Directors will resign at the forthcoming AGM and, being eligible, offer themselves for re-election.

Full Board meetings take place quarterly and the Board meets periodically to address specific issues, including considering recommendations from the Investment Manager. It reviews the terms of engagement of all third party advisers (including the Investment Manager and Administration Manager). The Board has a formal schedule of matters specifically reserved for its decision.

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting.

SHARE CAPITAL

The rights and obligations attaching to the Company's shares, including the power of the Company to buy back shares and details of any significant Shareholders, are set out on pages 6 and 7 of the Chairman's Statement and page 29 of the Directors' Report.

BOARD AND COMMITTEE MEETINGS

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 28 February 2015.

Director	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings	
	held	attended	held	attended	held	attended	held	attended
Andrew Davison	4	4	2	2	1	1	1	1
Barry Dean	4	4	2	2	1	1	1	1
Malcolm Moss	4	4	n/a	n/a	n/a	n/a	n/a	n/a
Lorna Tilbian	4	4	2	2	1	1	1	1

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

AUDIT COMMITTEE

The Company has an Audit Committee comprising of Barry Dean, as Chairman, Andrew Davison and Lorna Tilbian. The Audit Committee has defined terms of reference and duties and is responsible for:

- monitoring the Company's financial reporting;
- reviewing internal controls and risk management systems; and
- matters regarding audit and external auditors

The Audit Committee terms of reference are available from www.provenvcts.co.uk.

The Directors' Responsibilities Statement for preparing the accounts is set out in the Directors' Report on page 29, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 39.

The Audit Committee is responsible for reviewing the half-year and annual accounts before they are presented to the Board, the terms of appointment of the Auditor, together with their remuneration, as well as a full review of the effectiveness of the Company's internal control and risk management systems.

The Audit Committee also takes into careful consideration comments on matters regarding valuation, revenue recognition and disclosures arising from the Report of the Auditors to the Audit Committee as part of the finalisation process for the Annual Report and Accounts.

The Audit Committee has considered the Annual Report and Accounts for the year ended 28 February 2015 and has reported to the Board that it considers them to be fair, balanced and understandable providing the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Audit Committee considers that the key areas of risk in relation to the business activities and financial statements of the Company are:

- Valuation of unquoted investments.
- Compliance with HM Revenue & Customs conditions for approval as a Venture Capital Trust and the consequent preservation and/or availability of tax reliefs for investors.

These areas are discussed between the Board and the Investment Manager during the year and at the regular Board meetings in order that any potential issues are identified and addressed on a timely basis. The Board and/or Investment Manager will engage outside professional support where this is deemed desirable and in the interests of Shareholders.

The unquoted investment valuations are prepared by the Investment Manager and agreed by the Board and are then subject to an annual external audit by the Company's Auditor, BDO LLP, who reports to, and discusses with, the Audit Committee their findings and any concerns. No material issues were identified for the year ended 28 February 2015.

The Investment Manager regularly liaises with Robertson Hare LLP in relation to VCT qualification on both individual investments and the overall investment portfolio. Robertson Hare LLP prepare a report to the Company, at least twice annually, which summarises compliance with the VCT legislation. The report for the year to 28 February 2015 showed compliance with all aspects of the VCT regulations as summarised on page 24.

The Audit Committee reviews the performance and continued suitability of the Company's auditors. In advance of each audit, BDO LLP provide an audit strategy plan for consideration by the Committee, including confirmation of BDO's compliance with the Ethical Standards of the Auditing Practices Board and of the audit and non-audit fees chargeable to the Company. BDO liaises directly with the Investment Manager during the audit process and attends the Audit Committee meeting at which the Annual Report is considered. BDO provides a detailed Audit Committee Report outlining its audit process and setting out its findings. The Audit Committee and Investment Manager are able to assess the quality of BDO's work and of BDO's understanding of the business. Based on these procedures, the Audit Committee has obtained sufficient assurance as to BDO's independence and performance and it therefore recommends to Shareholders that BDO be re-appointed as Auditor for the forthcoming year. Audit fees are disclosed in note 5, on page 50.

The Audit Committee safeguards the objectivity and independence of the Auditor by reviewing the nature and extent of non-audit services supplied by the external Auditors of the Company, seeking to balance objectivity and value for money, and pre-approves all non-audit work.

REMUNERATION COMMITTEE

The Board has appointed a Remuneration Committee comprising all independent Directors and chaired by Andrew Davison. The Committee generally meets once a year and at other times as required and has specific terms of reference in order to fulfil its duties in respect of matters relating to remuneration. The Remuneration Committee terms of reference are available from www.provenvcts.co.uk.

NOMINATION COMMITTEE

The Board has appointed a Nomination Committee comprising all independent Directors and chaired by Andrew Davison. The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to the Board composition and balance. The Nomination Committee meets as and when appropriate. The Nomination Committee terms of reference are available from www.provenvcts.co.uk.

DIVERSITY

When considering a new appointment to the Board, the Committee's responsibility is to ensure that Shareholders are safeguarded by appointing the most appropriate person for the position (irrespective of gender) giving due regard to past and present experience in the sectors in which the Company invests. The Company therefore does not have a specific diversity policy in place.

ANTI-BRIBERY POLICY

The Company operates an anti-bribery policy to ensure that it meets its responsibilities arising from the Bribery Act 2010. This policy can be found at www.provenvcts.co.uk.

BOARD PERFORMANCE EVALUATION

An evaluation of the performance of the Board, each of its Committees and of the non-executive Directors was last conducted in May 2015 using a series of questionnaires. A broad range of standard topics was covered, including the programme of regular Board or Committee business, Board behaviours and strategy. Different questions were used for assessing the skills and contributions of each of the Chairman and non-executive Directors. The evaluation will be updated each year, including the approach to risk, Board training and Directors' ability to provide effective challenge.

The Company Secretary is well placed to prepare an updated questionnaire that is relevant and appropriate to the Company and with the Chairman will ensure a full and frank discussion around any concerns raised.

The Chairman has reviewed the results of the questionnaire and followed up relevant matters with each Director. The outcome of the 2015 Board review has confirmed that the Directors consider the Board to have a good balance of skills and to be working well.

RELATIONS WITH SHAREHOLDERS

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by Shareholders during the course of the year, or to meet with major Shareholders if so requested. A shareholder presentation for all ProVen VCTs is also held each year and Shareholders are invited to attend.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Administration Manager collates proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the AGM, except in the event of a poll being called. The notice of the next AGM can be found at the end of the Annual Report and Accounts.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has adopted an Internal Control Manual (the "Manual") for which they are responsible, which has been compiled to comply with the UK Corporate Governance Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls in place to mitigate them. The Board reviews the perceived risks in line with relevant guidance on an annual basis and implements additional controls as appropriate.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

The Board reviews a Risk Register on an annual basis. The main aspects of internal control in relation to financial reporting by the Board are as follows:

- Review of quarterly reports from the Investment Manager on the portfolio of investments held, including additions and disposals;
- Quarterly reviews by the Board of the Company's investments, other assets and liabilities, and revenue and expenditure and detailed review of unquoted investment valuations;
- Quarterly reviews by the Board of compliance with the venture capital trust regulations to retain status, including a review of half yearly reports from Robertson Hare LLP ;
- A separate review of the Annual Report and Half Yearly report by the Audit Committee prior to Board approval; and
- A review by the Board of all financial information prior to publication.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and reviews the effectiveness of the Manual, based on the report from the Audit Committee, on an annual basis to ensure that the controls remain relevant and were in operation throughout the year.

Although the Board is ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company to external advisers, including Beringea LLP as the Investment Manager and the Administration Manager.

The Board is satisfied that the risk management and internal control systems are effective and has identified no significant problems that warrant disclosure in the Annual Report And Accounts.

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 Chairman's Statement on pages 6 and 7, the Investment Manager's Review on pages 8 and 9, the Strategic Report on pages 23 to 27 and the Directors' Report on pages 28 to 30. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Balance Sheet on page 45, the Cash Flow Statement on page 46 and the Strategic Report on page 24. In addition, notes 18 and 19 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources both at the year end and at the date of this report, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF COMPLIANCE

The Directors consider that the Company has complied throughout the year ended 28 February 2015, and continues to comply at the date of this report, with all the relevant provisions set out in the Code, subject to the exceptions noted above.

By order of the Board

Beringea LLP

Company Secretary
39 Earlham Street
London WC2H 9LT
18 June 2015

DIRECTORS' REMUNERATION REPORT

ANNUAL STATEMENT BY THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises all independent members of the Board and is chaired by Andrew Davison. There have been no changes to the Director's remuneration and no major decisions regarding the remuneration policy during the year ended 28 February 2015.

DIRECTORS' REMUNERATION POLICY

Below is the Company's remuneration policy. Shareholders will be asked to vote on this policy at the AGM on 22 July 2015. Subject to Shareholder approval, this policy will take effect immediately after the end of the AGM on 22 July 2015. Shareholders must vote on the remuneration policy every three years, or sooner if the Company wishes to make changes to the policy.

The Company's policy on directors' remuneration is to seek to remunerate board members at a level appropriate for the time commitment and high level of responsibility borne by the non-executive directors and should be broadly comparable with that paid by similar companies. Non-executive Directors will not be entitled to any performance related pay or incentive (other than Malcolm Moss by virtue of also being a partner of the Investment Manager).

Directors' remuneration is also subject to the Company's Articles of Association as follows:

- The Directors shall be paid out of the funds of the Company by way of fees for their services, an aggregate sum not exceeding £100,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally.
- The Directors shall be entitled to be repaid all reasonable travel, hotel and other expenses incurred by them respectively in the performance of their duties as Directors including any expenses incurred in attending meetings of the Board or of Committees of the Board or General Meetings and if, in the opinion of the Directors, it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

A resolution is proposed at the AGM to amend the Articles of Association such that the limit of £100,000 per annum is increased to £150,000 per annum. The £100,000 limit was set at the outset of the Company over 15 years ago and has remained unchanged. Since that time, the Company has significantly increased in size and complexity. The increase will enable the Company to be flexible in both remuneration and to recruit additional directors where necessary.

The Company's policy in respect of loss of office payments is to consider each situation as it arises on its own merits. The Board receives feedback from Shareholders from time to time via direct correspondence, telephone calls, at the AGM and at the Shareholder presentation held each year.

The Remuneration Committee will take account of any comments in respect of the remuneration policy when it undertakes its regular review of the Company's policy.

Shareholders' views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors' remuneration policy. At the last AGM held on 22 June 2014, the following votes were received in respect of the resolution approving the Directors' Remuneration Report and remuneration policy:

Voting	Votes received	Percentage
Votes for	4,799,102	90.7%
Votes against	262,949	5.0%
Votes for – discretion	226,977	4.3%
Votes received	5,289,028	100.0%
Votes withheld	160,467	

The Board believes that the result shows significant Shareholder support for the policy.

DIRECTORS' REMUNERATION REPORT

CONTINUED

AGREEMENTS FOR SERVICE

Each of the Directors has an agreed letter of appointment whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as a non-executive Director. A three month rolling notice applies.

ANNUAL REPORT ON REMUNERATION

The Board and Remuneration Committee have prepared this report, in accordance with the requirements of the Companies Act 2006. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 22 July 2015.

Under the requirements of Section 497, the Company's Auditor is required to audit certain disclosures contained within the report. These disclosures have been highlighted and the audit opinion thereon is contained within the Independent Auditor's Report on pages 41 and 42.

DIRECTORS' REMUNERATION (AUDITED)

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

	Year ended 28 Feb 2015 £	Year ended 28 Feb 2014 £
Andrew Davison (Chairman)	30,000	30,000
Barry Dean	22,500	22,500
Malcolm Moss	15,000	15,000
Lorna Tilbian	22,500	13,300
	90,000	80,800

The remuneration of Malcolm Moss is paid to Beringea LLP. No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director. The Company does not have any share options in place.

Subject to the approval by Shareholders of the resolution changing the Articles of Association and lifting the cap to £150,000, the remuneration levels for the year to 28 February 2016 are expected to be:

	Annual Rate £
Andrew Davison (Chairman)	35,000
Barry Dean	27,500
Malcolm Moss	15,000
Lorna Tilbian	27,500
	105,000

INSURANCE COVER

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

DIRECTORS

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares of the Company, at 28 February 2015 and 28 February 2014 were as follows:

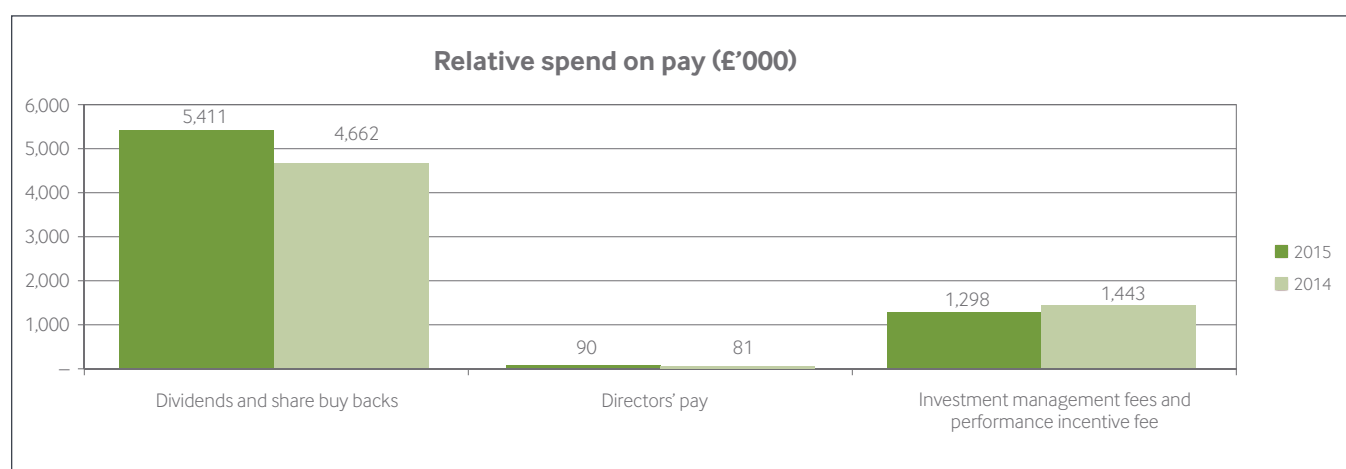
Director	28 Feb 2015	28 Feb 2014
Andrew Davison	37,912	37,912
Barry Dean	29,252	29,252
Malcolm Moss	2,760	2,760
Lorna Tilbian	–	–

There were no other movements in respect of the Directors' holdings since the year end.

The Company has not set out any formal shareholding guidelines for Directors.

RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 2015 and 2014 on remuneration for all employees in comparison to distributions (dividends and share buy backs) and other significant spending are set out in the tabular graph below:

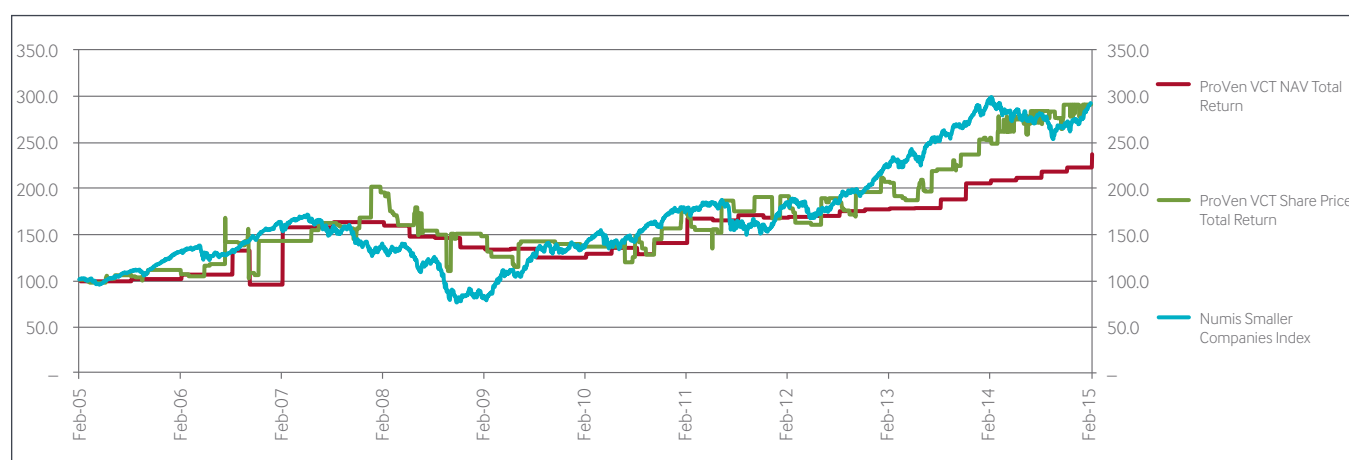


DIRECTORS' REMUNERATION REPORT

CONTINUED

PERFORMANCE GRAPH

The chart below represents the Company's Ordinary Share performance over the reporting periods since 28 February 2005 and compares the Net Asset Value Total Return and the Share Price Total Return to the rebased Numis Smaller Companies Index (excluding investment companies) ("Numis"). Net Asset Value Total Return is calculated as Net Asset Value plus dividends and/or capital distributions reinvested in the share class at the Net Asset Value prevailing at the date the dividends/distributions were paid. Share Price Total Return is calculated in a similar way, but reinvesting dividends at the mid-market share price at the date dividends are paid. Numis is not considered to be a benchmark for the Company but has been selected as an appropriate publicly available broad equity market index. The series has been rebased to 100 as at 28 February 2005.



By order of the Board

Beringea LLP

Company Secretary
39 Earlham Street
London WC2H 9LT
18 June 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROVEN VCT PLC

OUR OPINION ON THE FINANCIAL STATEMENTS

In our opinion the ProVen VCT plc financial statements for the year ended 28 February 2015, which have been prepared by the directors in accordance with applicable law and United Kingdom Accounting Standards:

- give a true and fair view of the state of the Company's affairs as at 28 February 2015 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

WHAT OUR OPINION COVERS

Our audit opinion covers the:

- Income Statement
- Reconciliation of Movements in Shareholders' Funds
- Balance Sheet
- Cash Flow Statement
- Related notes

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the FRC's Ethical Standards for Auditors.

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's (FRC) website at www.frc.org.uk/auditscopeukprivate

INDEPENDENT AUDITOR'S REPORT

CONTINUED

OUR APPROACH

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the Board by the Investment Manager and Administration Manager 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. Below are those risks which we considered to have the greatest impact on our audit strategy and our audit response:

Risk area	Audit response
Valuation of investments: This is a key accounting estimate where there is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the fund, derived using those valuations.	<p>We considered the design and implementation of controls in place over the valuation of investments and also reviewed the assumptions and underlying evidence supporting the year end valuations. For a risk-determined sample of the investments we:</p> <ul style="list-style-type: none">• Considered whether, in our professional judgement, the valuation methodology applied is the most appropriate and in accordance with IPEV guidelines;• Re-performed the calculation of the investment valuation;• Verified key inputs to the valuation to independent information;• Benchmarked key inputs and estimates to independent information and our own research;• Where appropriate, performed sensitivity analyses on the valuation calculations where, in our opinion, there was sufficient evidence to suggest reasonable alternative inputs might exist;• Challenged the Investment Manager regarding significant judgements made; and• Considered the economic environment in which the investment operates to identify factors that could impact the investment valuation.
Revenue recognition: Income consists of interest received on loan investments and dividends receivable from investee companies. Fraudulent revenue recognition is a presumed risk under International Standards on Auditing (UK & Ireland).	<ul style="list-style-type: none">• We considered the design and implementation of controls relating to income recognition and undertook testing of interest income by comparing actual income to expectations generated;• We considered whether the accounting policy had been applied correctly by management in determining provisions against income where recovery is considered doubtful, considering management information relevant to the ability of the investee company to service the loan and the reasons for any arrears of loan interest;• We considered whether the classification of income as revenue or capital was appropriate; and• We tested dividends receivable to cash received, as well as to supporting documentation and management accounts of the investee companies and, where appropriate, independent confirmation from the investee companies.

The Audit Committee's consideration of their key issues is set out on page 32.

MATERIALITY IN CONTEXT

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, 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. Importantly, misstatements below this level 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 two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality	Assessing whether the financial statements as a whole present a true and fair view	<ul style="list-style-type: none">• The value of net assets• The level of judgement inherent in the valuation• The range of reasonable alternative valuation	850,000
Specific materiality – classes of transactions and balances which impact on net realised returns	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	<ul style="list-style-type: none">• Level of gross expenditure	80,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £15,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

OPINION 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;
- 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 information given in the Statement of Corporate Governance set out on pages 31 to 34 of the annual report with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 34, in relation to going concern; and
- the part of the Statement of Corporate Governance relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Rhodri Whitlock (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

18 June 2015

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

INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2015

		Year ended 28 February 2015			Year ended 28 February 2014		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	1,027	–	1,027	1,022	–	1,022
Gains on investments	10	–	3,792	3,792	–	4,575	4,575
		1,027	3,792	4,819	1,022	4,575	5,597
Investment management fees	3	(310)	(929)	(1,239)	(244)	(733)	(977)
Performance incentive fees	4	–	(59)	(59)	–	(466)	(466)
Other expenses	5	(357)	(20)	(377)	(501)	(11)	(512)
Return on ordinary activities before tax		360	2,784	3,144	277	3,365	3,642
Tax on ordinary activities	7	–	–	–	–	–	–
Return attributable to equity shareholders		360	2,784	3,144	277	3,365	3,642
Basic and diluted return per share	9	0.6p	4.6p	5.2p	0.6p	7.1p	7.7p

All revenue and capital movements in the year relate to continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the profit and loss account of the Company, prepared in accordance with the accounting policies detailed in note 1 to the financial statements. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement in the current and prior year as shown.

Other than revaluation movements arising on investments held at fair value through the Profit and Loss, there were no differences between the return as stated above and at historical cost.

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 28 FEBRUARY 2015

		Year ended 28 February 2015	Year ended 28 February 2014
		Total	Total
	Note	£'000	£'000
Opening Shareholders' funds		56,074	47,807
Issue of shares	13	15,288	8,804
Share issue costs		(484)	(77)
Purchase of own shares	14	(964)	(5,489)
Movement in share capital to be issued	14	(5,550)	4,953
Total recognised gains for the year		3,144	3,642
Dividends paid	8	(4,452)	(3,566)
Closing Shareholders' funds		63,056	56,074

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET

AS AT 28 FEBRUARY 2015

		28 February 2015	28 February 2014
		Total	Total
	Note	£'000	£'000
Fixed assets			
Investments	10	43,624	26,906
Current assets			
Debtors	11	280	2,591
Cash at bank and in hand		19,787	27,174
		20,067	29,765
Creditors: amounts falling due within one year	12	(635)	(597)
Net current assets		19,432	29,168
Total assets		63,056	56,074
Capital and reserves			
Called up share capital	13	6,249	4,876
Capital redemption reserve	14	3,502	3,399
Special reserve	14	28,286	30,398
Share premium	14	13,536	70
Shares to be issued	14	–	5,550
Revaluation reserve	14	7,261	5,120
Capital reserve – realised	14	4,411	6,940
Revenue reserve	14	(189)	(279)
Equity shareholders' funds		63,056	56,074
Basic and diluted net asset value per share	15	100.9p	103.6p

The financial statements on pages 43 to 60 were approved and authorised for issue by the Board of Directors on 18 June 2015 and were signed on its behalf by

Andrew Davison

Chairman

ProVen VCT plc

Company number: 3911323

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2015

		Year ended 28 February 2015	Year ended 28 February 2014
		Total	Total
	Note	£'000	£'000
Net cash outflow from operating activities	16	(658)	(587)
Capital expenditure			
Purchase of investments	10	(18,121)	(5,642)
Sale of investments	10	7,480	12,001
Net cash (outflow)/inflow from capital expenditure		(10,641)	6,359
Equity dividends paid		(4,006)	(3,566)
Net cash (outflow)/inflow before financing		(15,305)	2,206
Financing			
Proceeds from share issues	13	9,292	8,804
Share issue costs	13	(484)	(77)
Purchase of own shares	13	(890)	(5,489)
Unallotted share capital		–	4,953
Net cash inflow from financing		7,918	8,191
(Decrease)/increase in cash	17	(7,387)	10,397

The accompanying notes are an integral part of these financial statements.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28 FEBRUARY 2015

1. ACCOUNTING POLICIES

Basis of accounting

The Company has prepared its financial statements under UK Generally Accepted Accounting Practice ("UK GAAP") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 ("SORP").

The financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments measured at fair value.

The Company implements new Financial Reporting Standards ("FRS") issued by the Financial Reporting Council when required.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Statement of Corporate Governance on page 34.

Presentation of Income Statement

In order to better reflect the activities of an investment company and, in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue return attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements in connection with income retention set out in Part 6 of the Income Tax Act 2007.

Fixed assets investments

Venture capital investments are designated as "fair value through profit or loss" assets due to investments being managed and their performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed on a fair value basis, with a view to selling after a period of time, in accordance with the Company's documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") together with FRS26 - Financial Instruments: Recognition and Measurements.

Publicly traded investments are measured using bid prices in accordance with the IPEV Guidelines.

The valuation methodologies used by the Directors for assessing the fair value of unquoted investments are as follows:

- Price of recent investment;
- Multiples;
- Net assets;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment); and
- Industry valuation benchmarks.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

Fixed asset investments are derecognised when the contractual rights to the cash flows from the asset expire or the Company transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

Where an investee company has gone into receivership or liquidation, or the loss in value below cost is considered to be permanent, or there is little likelihood of a recovery from a company in administration, the loss on the investment, although not physically disposed of, is treated as being realised.

Gains and losses arising from changes in fair value are included in the Income Statement for the year as a capital item and transaction costs on acquisition or disposal of the investment are expensed.

NOTES TO THE ACCOUNTS

CONTINUED

In accordance with exemptions under FRS 9, those associated undertakings in which the company holds more than 20% of the equity as part of an investment portfolio are not accounted for using the equity method.

Income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection in the foreseeable future. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investments.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- expenses which are incidental to the acquisition of an investment are deducted from the Capital Account;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Accordingly, the investment management fee has been allocated 25% to revenue and 75% to capital in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.
- performance incentive fees arising from the disposal of investments are treated as a capital item.

Taxation

The tax effects of different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a venture capital trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments.

Deferred taxation, which is not discounted, 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.

Other debtors and other creditors

Other debtors (including accrued income), other creditors and loan notes (other than those held as part of the investment portfolio as set out in note 10) are included within the accounts at amortised cost.

Share issue costs

Expenses in relation to share issues up to the 6 April 2014 are deducted from the Share Premium Account upon allotment of shares. Expenses in relation to share issues on or after 6 April 2014 are deducted from the Special Reserve.

2. INCOME

	2015 £'000	2014 £'000
Income from investments		
Loan stock interest	725	748
Dividend income	38	13
	763	761
Other income		
Deposit interest	264	261
	1,027	1,022

The Directors consider that the Company has one class of business and that all its activities arise in the United Kingdom.

3. INVESTMENT MANAGEMENT FEES

	2015 £'000	2014 £'000
Investment management fees	1,239	977

The Company has an agreement with Beringea LLP for the provision of management services in respect of its portfolio of venture capital investments, which is terminable with one year's notice. The management fee is based upon an annual amount of 2.0% of net assets. The annual running costs (excluding performance incentive fees and trail commission) of the Company are subject to a cap of 3.25% of the Company's net assets.

4. PERFORMANCE INCENTIVE FEES

	2015 £'000	2014 £'000
Beringea LLP	59	424
Downing LLP	—	42
	59	466

Beringea LLP are entitled to receive performance incentive fees as described in the Strategic Report on pages 25 and 26. The performance incentive fees are stated inclusive of VAT.

NOTES TO THE ACCOUNTS

CONTINUED

5. OTHER EXPENSES

	2015 £'000	2014 £'000
Administration services	56	57
Directors' remuneration	90	81
Social security costs and irrecoverable VAT on Directors' remuneration	5	9
Trail commission	20	100
Auditor's remuneration for audit of the Company's annual accounts	17	16
Auditor's remuneration for tax compliance services	2	2
Auditor's remuneration for other services	–	1
Other expenses	187	246
	377	512

Included within other expenses is £20,000 (2014: £11,000) allocated to capital expenses in respect of expenses in relation to the investments. All other expenses are allocated as revenue costs.

6. DIRECTORS' REMUNERATION

Details of remuneration (excluding employers' NIC and VAT) are given in the Directors' Remuneration Report on page 36.

The Company had no employees (other than Directors) during either year. Costs in respect of Directors are disclosed in note 5.

7. TAXATION ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
(a) Tax charge for the year		
Current year		
UK corporation tax (charged to the revenue account)	–	–
Charged to capital expenses	–	–
Charge for the year	–	–
(b) Factors affecting tax charge for the year		
Return on ordinary activities before taxation	3,144	3,642
Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 21% (2014: 23%)	660	838
Effects of:		
UK dividend (income)	(8)	(3)
Gain on investments	(796)	(1,053)
Disallowable expenses	6	2
Excess capital investment management fees	138	216
	–	–

(c) Excess management fees

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £6,241,000 (2014: £5,649,000). The deferred tax asset of £1,321,000 (2014: £1,299,000) would only be recovered were the Company to make sufficient taxable profits in the future.

8. DIVIDENDS

		Year ended 28 February 2015			Year ended 28 February 2014		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends paid in the year							
2015 First interim	2.5	–	1,564	1,564	–	–	–
2014 Final	2.5	–	1,539	1,539	–	–	–
2014 Special interim	2.5	270	1,079	1,349	–	–	–
2014 First interim	2.5	–	–	–	238	950	1,188
2013 Interim	5.0	–	–	–	756	1,622	2,378
		270	4,182	4,452	994	2,572	3,566
Paid after the year end							
2014 Special interim	2.5	–	–	–	270	1,079	1,349
Proposed dividends							
2015 Final	2.5	312	1,250	1,562	–	–	–
2014 Final	2.5	–	–	–	–	1,187	1,187
		312	1,250	1,562	–	1,187	1,187

9. BASIC AND DILUTED RETURN PER SHARE

	Year ended 28 February 2015	Year ended 28 February 2014
Revenue return per share based on:		
Net revenue after taxation (£'000)	360	277
Weighted average number of shares in issue	60,902,742	47,663,042
Pence per share	0.6	0.6
Capital return per share based on:		
Net capital gain for the financial year (£'000)	2,784	3,365
Weighted average number of shares in issue	60,902,742	47,663,042
Pence per share	4.6	7.1

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed therefore represents both basic and diluted return per share.

NOTES TO THE ACCOUNTS

CONTINUED

10. INVESTMENTS

"Fair value through profit or loss" assets

	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 March 2014	1,274	21,554	22,828
Unrealised gains at 1 March 2014	458	4,662	5,120
Realised losses on investments still held at 1 March 2014	(740)	(302)	(1,042)
Opening fair value at 1 March 2014	992	25,914	26,906
Movement in year:			
Purchases at cost*	493	18,121	18,614
Sales – proceeds*	(821)	(4,862)	(5,683)
– realised gain on sales*	19	1,906	1,925
Unrealised gains in the income statement	592	1,275	1,867
Unrealised foreign exchange losses in the income statement	–	(5)	(5)
Closing fair value at 28 February 2015	1,275	42,349	43,624
Closing cost at 28 February 2015	1,594	35,818	37,412
Unrealised gains at 28 February 2015	421	6,833	7,254
Realised losses on investments still held	(740)	(302)	(1,042)
Closing fair value at 28 February 2015	1,275	42,349	43,624

* Speed-Trap Holdings Limited was disposed of during the year. As part of the disposal, the Company received shares valued at £493,000, on the disposal date, in IS Solutions plc. This transaction has been included in additions and disposals in the table above.

The basis of valuation for a number of investments has been changed since the previous year end and the movement in valuation is as follows:

	Prior year valuation basis	Current year valuation basis	£'000
MatsSoft Limited	Cost of security	Discounted earnings multiple	911
Skills Matter Limited	Price of recent investment	Cost of security	(602)
Other investments			(214)
			95

An analysis of venture capital investments is set out in the review of the investments on pages 14 to 21. Note 18 includes an analysis of the fair value of the financial instruments.

11. DEBTORS

	2015 £'000	2014 £'000
Other debtors	13	13
Prepayments and accrued Income	267	2,578
	280	2,591

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Other social security costs	11	13
Accruals	624	584
	635	597

13. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Issued, allotted, called up and fully-paid:		
62,491,991 (2014: 48,757,653) Ordinary Shares of 10p each	6,249	4,876

The Company has the authority to buy back shares as described in the Report of the Directors.

During the year 14,303,227 shares were issued at between 97.9p and 102.1p per share, with an aggregate nominal value of £1,430,323 pursuant to the offer for subscription dated 22 October 2013. The aggregate consideration for the shares was £14,842,575 which excluded share issue costs of £484,000.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 110,820 Ordinary Shares at 99.6p per share to subscribing Shareholders on 31 March 2014, 813 Ordinary Shares at 99.6p per share to subscribing Shareholders on 30 May 2014, 162,276 Ordinary Shares at 98.3p per share to subscribing Shareholders on 25 July 2014 and 184,003 Ordinary Shares at 95.4p per share to subscribing Shareholders 21 November 2014. In total, the aggregate consideration for the shares was £446,243.

During the year, the Company repurchased a further 1,026,801 Ordinary Shares for an aggregate consideration (net of costs) of £958,325 being an average price of 93.3p per share and which represented 2.1% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £102,680. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £6,000.

NOTES TO THE ACCOUNTS

CONTINUED

14. RESERVES

	Capital redemption reserve £'000	Special reserve £'000	Share premium £'000	Share capital to be issued £'000	Revaluation reserve £'000	Capital reserve – realised £'000	Revenue reserve £'000
At 1 March 2014	3,399	30,398	70	5,550	5,120	6,940	(279)
Issue of new shares	–	(138)	13,466	(5,550)	–	–	–
Share buybacks	103	(964)	–	–	–	–	–
Expenses charged to capital account	–	–	–	–	–	(1,008)	–
Gains on investments	–	–	–	–	1,867	1,925	–
Retained revenue	–	–	–	–	–	–	360
Dividends paid	–	(4,182)	–	–	–	–	(270)
Unrealised now realised	–	(274)	–	–	274	–	–
Transfer between reserves	–	3,446	–	–	–	(3,446)	–
At 28 February 2015	3,502	28,286	13,536	–	7,261	4,411	(189)

The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. The distributable reserves are reduced by losses of £2,938,000 (2014: £3,309,000) which are included in the revaluation reserve. Reserves available for distribution therefore amount to £29,570,000 (2014: £33,750,000). There has been a transfer between reserves due to the disposal on investments.

15. BASIC AND DILUTED NET ASSET VALUE PER SHARE

	Shares in Issue		2015		2014	
	2015	2014	Pence per share	Net asset value £'000	Pence per share	Net asset value £'000
Ordinary Shares	62,491,991	48,757,653	100.9	63,056	103.6p	50,524
Ordinary share capital to be issued				–		5,550
				63,056		56,074

As the Company has not issued any convertible securities or share options, there is no dilutive effect on net asset per share. The net asset value per share disclosed therefore represents both basic and diluted return per share.

16. RECONCILIATION OF RETURN ON ORDINARY ACTIVITIES BEFORE TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Return on ordinary activities before taxation	3,144	3,642
Gain on investments	(3,792)	(4,575)
Foreign exchange movements	5	–
Decrease in prepayments, accrued income and other debtors	22	105
(Decrease)/Increase in accruals and other creditors	(37)	241
Net cash outflow from operating activities	(658)	(587)

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015 £'000	2014 £'000
Beginning of year	27,174	16,777
Net cash inflow	(7,387)	10,397
End of year	19,787	27,174

18. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise investments held at fair value through the profit and loss, being equity and loan stock investments in quoted companies and unquoted companies and liquidity funds; loans and receivables being cash deposits and short term debtors; and financial liabilities being creditors arising from its operations. The main purpose of these financial instruments is to generate cash flow, revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors and does not use any derivatives.

The fair value of investments is determined using the detailed accounting policy as shown in note 1. The composition of the investments is set out in note 10 and below.

The fair value of cash deposits and short term debtors and creditors equates to their carrying value in the Balance Sheet.

Loans and receivables and other financial liabilities are stated at amortised cost which the Directors consider is equivalent to fair value.

Principal risks and management objectives

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Market risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year. The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end are provided below:

Market risks

As a VCT, the Company is exposed to market risks in the form of potential losses and gains that may arise on the investments it holds. The management of these market risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Investment Manager monitors investments through regular contact with the management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Investment Manager to manage the investment risk in respect of individual investments. Market risk is also mitigated by holding a portfolio diversified across several business sectors and asset classes.

The key market risks to which the Company is exposed are:

- Market price risk; and
- Interest rate risk.

Market price risk

Market price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through market price movements in respect of quoted investments and also changes in the fair value of unquoted investments that it holds.

At 28 February 2015, the AIM-quoted portfolio was valued at £1,275,000 (2014: £992,000).

NOTES TO THE ACCOUNTS

CONTINUED

The Company's sensitivity to fluctuations in the share prices of its AIM-quoted investments is summarised below. A 25% movement in the share price of all of the AIM-quoted stocks held by the Company would have an effect as follows:

25% movement in AIM-quoted stocks	Impact on net assets £'000	2015 Impact on NAV per share pence	Impact on net assets £'000	2014 Impact on NAV per share Pence
AIM-quoted investments	319	0.5p	248	0.5p

At 28 February 2015, the unquoted portfolio was valued at £42,349,000 (2014: £25,914,000).

As many of the Company's unquoted investments are valued using revenue or earnings multiples of comparable companies or sectors, a fall in share prices generally would impact on the valuation of the unquoted portfolio. A 10% movement in the valuations of all of the unquoted investments held by the Company would have an effect as follows:

10% movement in unquoted investment valuations	Impact on net assets £'000	2015 Impact on NAV per share Pence	Impact on net assets £'000	2014 Impact on NAV per share Pence
Unquoted investments	4,235	6.8p	2,591	5.3p

The sensitivity analysis for unquoted valuations above assumes that each of the sub-categories of financial instruments (ordinary shares, preference shares and loan stocks) held by the Company produces an overall movement of 10%. Shareholders should note that equal correlation between these sub-categories is unlikely to be the case in reality, particularly in the case of loan stock instruments. Where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

Interest rate risk

The Company is exposed to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. Investments in loan stock and fixed interest investments attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's financial instruments is shown below.

There are three categories in respect of interest which are attributable to the financial instruments held by the Company as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise certain loan note investments and Preference Shares.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate or LIBOR and comprise cash at bank and liquidity fund investments and certain loan note investments.
- "No interest rate" assets do not attract interest and comprise equity investments, certain loan note investments, loans and receivables (excluding cash at bank) and other financial liabilities.

	Average interest rate	Average period until maturity	2015 £'000	2014 £'000
Fixed rate	6.0%	1,057 days	14,716	9,737
Floating rate	1.1%	19 days	20,636	28,023
No interest rate			27,702	18,305
			63,054	56,065

The Company monitors the level of income received from fixed, floating and non interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

Based on the assumption that the yield of all floating rate financial instruments would change by an amount equal to the movement in prevailing interest rates, it is estimated that an increase of 1% in interest rates would have increased total return before taxation for the year by £206,000 (2014: £280,000). As the Bank of England base rate stood at 0.5% per annum throughout the year, it is believed that a reduction from this level is unlikely.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan stock in investee companies, investments in liquidity funds, cash deposits and debtors. Credit risk relating to loan stock investee companies is considered to be part of market risk.

The Company's exposure to credit risk is summarised as follows:

	2015 £'000	2014 £'000
Investments in loan stocks	15,565	10,586
Cash and cash equivalents	19,787	27,174
Interest, dividends and other receivables	254	2,571
	35,606	40,331

The Manager manages credit risk in respect of loan stock with a similar approach as described under Investment risks above. In addition the credit risk is partially mitigated by registering floating charges over the assets of certain investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated with interest, dividends and other receivables is covered within the investment management procedures.

Cash is held by Bank of Scotland plc, rated A by both Standard and Poor's and Fitch and the Royal Bank of Scotland plc, rated A- and A by Standard and Poor's and Fitch respectively. These financial institutions are both also ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

There have been no changes in fair value during the year that are directly attributable to changes in credit risk.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company generally maintains a relatively low level of creditors (£623,000 at 28 February 2015) and has no borrowings. Also, the quoted investments held by the Company are considered to be readily realisable.

The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as required. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Manager in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

Although the Company's investments are not held to meet the Company's liquidity requirements, the table below shows an analysis of the loan stock, highlighting the length of time that it could take the Company to realise its assets if it were required to do so.

NOTES TO THE ACCOUNTS

CONTINUED

The carrying value of loan stock investments held at 28 February 2015, which is analysed by expected maturity date, is as follows:

	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
As at 28 February 2015						
Fully performing loan stock	2,916	1,937	2,159	7,335	320	14,667
Past due loan stock	898	–	–	–	–	898
	3,814	1,937	2,159	7,335	320	15,565
As at 28 February 2014						
Fully performing loan stock	2,683	1,438	1,448	2,608	1,253	9,430
Past due loan stock	1,156	–	–	–	–	1,156
	3,839	1,438	1,448	2,608	1,253	10,586

Of the loan stock classified as “past due” above, the full amount relates to the principal of loan notes where the principal has passed its maturity date. As at the balance sheet date, the extent to which the principal is past its maturity date giving rise to the classification of the loan notes as past due falls within the banding of no later than one year.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements recognised in the balance sheet

Investments are valued at fair value as determined using the measurement policies described in note 1. The carrying value of financial assets and financial liabilities recorded at amortised cost, which includes short term debtors and creditors, is considered by the Directors to be equivalent to their fair value.

The Company has categorised its financial instruments that are measured subsequent to initial recognition at fair value, using the fair value hierarchy as follows:

- Level 1 Reflects financial instruments quoted in an active market (liquidity fund investments, investments listed on the Main Market and investments quoted on AIM);
- Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly (no such investments currently held); and
- Level 3 Reflects financial instruments that have prices that are not based on observable market data (unquoted equity investments and loan note investments).

	2015				2014			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	1,275	–	–	1,275	992	–	–	992
Loan notes	–	–	15,565	15,565	–	–	10,586	10,586
Unquoted equity	–	–	25,284	25,284	–	–	13,631	13,631
Preference shares	–	–	1,500	1,500	–	–	1,697	1,697
	1,275	–	42,349	43,624	992	–	25,914	26,906

Reconciliation of fair value for Level 3 financial instruments held at the year-end:

	Loan Notes £'000	Unquoted Equity £'000	Total £'000
Balance at 28 February 2014	10,586	15,328	25,914
Movements in the Income Statement:			
Gains in the Income Statement	471	2,705	3,176
Purchases at cost	7,019	11,102	18,121
Transfers out of Level 3*	—	(493)	(493)
Sales proceeds	(2,511)	(1,858)	(4,369)
Balance at 28 February 2015	15,565	26,784	42,349

*Speed-Trap Holdings Limited was disposed of during the year. As part of the disposal, the Company received shares valued at £493,000, on the disposal date, in IS Solutions plc an AIM listed company. This transaction has been recorded as a transfer in the table above.

There is an element of judgment in the choice of assumptions for unquoted investments and it is possible that, if different assumptions were used, different valuations could have been attributed to certain of the VCT's investments.

FRS 29 requires disclosure to be made if changing one or more of the assumptions used in valuing investments would result in a significant change in the fair value of the investments. The portfolio has been reviewed and both downside and upside alternative assumptions identified. These result in an overall increase of £1.2 million to the value of the unquoted investments for an upside scenario and an overall decrease of £500,000 to the value of the unquoted investments for a downside scenario.

Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown on pages 55 and 56.

19. CAPITAL MANAGEMENT

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report on page 23, in pursuit of its principal investment objectives as stated on page 4. There has been no significant change in the objectives, policies or processes for managing capital from the previous year.

By its nature the Company has an amount of capital which must be invested, and retained, in the relatively high risk asset class of small UK companies broadly within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon the changing capital structure, the Company may adjust the amount of dividends paid to Shareholders, purchase its own shares, issue new shares or sell assets if so required to maintain a level of liquidity to remain a going concern. Although the Company is permitted to borrow to give a degree of flexibility, there are no current plans to do so.

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital. The Company does not have any externally imposed capital requirements. The Company has the authority to buy back shares as described in the Directors' Report.

20. POST BALANCE SHEET EVENTS

The Company launched a top up offer for subscription dated 6 March 2015 for the 2014/2015 and 2015/2016 tax years. This offer was announced as fully subscribed on 27 March 2015.

Between 28 February 2015 and the date of this report, the Company issued 3,425,418 Ordinary Shares for an aggregate consideration of £3.4 million in relation to the offer dated 6 March 2015. Share issue costs thereon amounted to £72,000.

The Company made two new investments and five follow-on investments after the year end totalling £2.8 million.

NOTES TO THE ACCOUNTS

CONTINUED

In March 2015, the Company made a new investment of £797,000 into D3O Holdings, an impact protection solutions company and in April 2015, the Company invested £570,000 into Sealskinz, which provides a range of waterproof and breathable outdoor accessories.

There were further investments in InContext Solutions (£675,000), Big Data Partnership (£318,000), Disposable Cubicle Curtains (£212,000), Chess Technologies (£172,000) and Senselogix (£48,000).

In May 2015, the Company realised its investment in Long Eaton Healthcare Limited for slightly above its carrying value at the year end. In the same month, the Company realised its investment in Eagle-i Music Limited, at its carrying value at the year end.

21. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

The Company had no contingent liabilities, guarantees and financial commitments at the year end.

22. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

In the opinion of the Directors there is no immediate or ultimate controlling party.

SHAREHOLDER INFORMATION

Shareholder investment and returns analysis

A full analysis of Shareholder's investment and returns by share class and tax year, can be found on the website www.provenvcts.co.uk in the "Our Funds" section.

Websites

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports, Half Yearly Financial Statements and Interim Management Statements can be found on the Investment Managers' website:

www.provenvcts.co.uk

Shareholders can also check details of their shareholdings using Capita Registrar's website at **www.capitaregistrars.com**, by clicking on "Share Portal".

Dividends

Dividends are paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose (forms can be downloaded from www.capitaregistrars.com). Queries relating to dividends and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0324 (calls cost 10p per minute plus network extras), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Share prices

The Company's share price can be found on various financial websites with the following TIDM/EPIC code

TIDM/EPIC code

"PVN"

Latest share price (17 June 2015):

92.63p per share

Selling shares

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange via a stockbroker. Shareholders who invested in the Company in the 2010/2011 tax year and subsequent tax years should be aware that they need to hold their shares for a minimum period of time to retain the income tax relief they received on investment. Selling your shares may have tax consequences, therefore, you should contact your independent financial adviser if you have any queries.

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 direct from Shareholders, so you will need to use a stockbroker to sell your shares. 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 in shares) and details of the price at which the VCT has bought in shares. Panmure can be contacted as follows:

Chris Lloyd – 0207 886 2716 chris.lloyd@panmure.com

Paul Nolan – 0207 886 2717 paul.nolan@panmure.com

Financial calendar

22 July 2015 Annual General Meeting

October 2015 Announcement of half year results

SHAREHOLDER INFORMATION

CONTINUED

Unsolicited communication with Shareholders

We are aware of cases of shareholders in VCTs having received unsolicited telephone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that either the Company, Beringea or the Company registrar, Capita Registrars, would make unsolicited telephone calls, or send e-mails, to Shareholders. Shareholders can, however, expect official documentation in connection with the Company and may receive details of investment activity and new VCT offers from the Investment Manager. Furthermore, please be assured that the Company limits access to the Company's share register by third parties to the maximum extent permissible under the Companies Act 2006. If you receive either an unexpected telephone call or correspondence about which you have concerns, please contact Beringea LLP, the Company Secretary, on 020 7845 7820.

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, Capita Registrars, under the signature of the registered holder.

COMPANY INFORMATION

Directors

Andrew Davison (Chairman)

Barry Dean

Malcolm Moss

Lorna Tilbian

all of

39 Earlham Street

London WC2H 9LT

Investment manager

Beringea LLP

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.co.uk

Company secretary

Beringea LLP

39 Earlham Street

London WC2H 9LT

Registered office

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

Registrars

Capita Registrars

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

Tel: 0871 664 0324

(calls cost 10p per minute plus network extras)

www.capitaregistrars.com

Administration manager

Beringea LLP

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.co.uk

Auditor

BDO LLP

55 Baker Street

London

W1U 7EU

VCT status adviser

Robertson Hare LLP

Suite C – First Floor, 4-6 Staple Inn

London

WC1V 7QH

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Bankers

Bank of Scotland

33 Old Broad Street

London EC2N 1HZ

Royal Bank of Scotland

London Victoria Branch

119/121 Victoria Street

London SW1E 6RA

Company number: **3911323**

NOTICE OF THE ANNUAL GENERAL MEETING

OF PROVEN VCT PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ProVen VCT plc will be held in The Forest Room at The Hospital Club, 24 Endell Street, Covent Garden, London WC2H 9HQ at 1.30 p.m. on 22 July 2015 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 28 February 2015 together with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report, excluding the Director's Remuneration Policy set out on page 35 of the Directors' Remuneration Report, for the year ended 28 February 2015.
3. To approve the Directors' Remuneration Policy, set out on page 35 of the Directors' Remuneration Report, which takes effect immediately after the end of the Annual General Meeting on 22 July 2015.
4. To declare a final dividend of 2.5p per Ordinary Share in respect of the year ended 28 February 2015.
5. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
6. To re-elect as Director, Andrew Davison, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
7. To re-elect as Director, Barry Dean, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
8. To re-elect as Director, Malcolm Moss, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
9. To re-elect as Director, Lorna Tilbian, who retires in accordance with Company policy and, being eligible, offers herself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTION

10. THAT, in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £4,943,805 (representing approximately 75% of the Ordinary Share capital in issue at today's date, provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.

SPECIAL RESOLUTIONS

11. THAT, the directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution 10 above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require equity securities to be allotted after such expiry.

12. THAT, the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of Ordinary Shares provided that:
- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 9,881,019 representing approximately 14.99% of the present issued Ordinary Share capital of the Company;
 - (b) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 10p the nominal amount thereof;
 - (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent. above the average of the middle market quotations for such class of the Company's shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
 - (d) the Company may make a contract to purchase its own Ordinary Shares under this authority prior to the expiry of this authority, and such contract will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

13. THAT, Article 88 of the Articles of Association of the Company be amended to read as follows: "The Directors shall be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £150,000 per annum. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in general meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally. The provisions of this Article shall not apply to the remuneration of any Managing Director or Executive Director which shall be determined pursuant to the provisions of Article 96 hereof."

By order of the Board

Beringea LLP

Company Secretary
Registered Office
39 Earlham Street
London WC2H 9LT
18 June 2015

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.provenvcts.co.uk.

Note: Please see the notes set out on pages 66 and 67 which contain important information about the Annual General Meeting.

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

Notes for the Notice of Annual General Meeting

- (a) Any member of the Company entitled to attend and vote at the meetings is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent his appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Act, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Beringea LLP, 39 Earlham Street, London WC2H 9LT or electronically at proxy@beringea.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Beringea LLP, 39 Earlham Street, London WC2H 9LT. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice; or
 - by sending an e-mail to proxy@beringea.co.uk.
- In either case, the revocation notice must be received by Beringea LLP before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment and the Register of Directors' interests in the Ordinary Shares of the Company, will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 1.30 p.m. on 20 July 2015 or, in the event that the Annual General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 1.30 p.m. on 20 July 2015 or, in the event that the Annual General Meeting is adjourned, on the Register of

Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.

- (g) As at 9 a.m. on 18 June 2015, the Company's issued share capital comprised 65,917,410 Ordinary Shares. The total number of voting rights in the Company were 65,917,410. Information on the number of shares and voting rights can be found at www.provenvcts.co.uk.
- (h) If you are a person who has been nominated under section 146 of the Act to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.
- (k) Except as provided above, members who have general queries about the Annual General Meeting should write to the Chairman at the registered office set out above.
- (l) Members may not use any electronic address provided either in this notice of Annual General Meeting or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.



