proven

PROVEN VCT PLC

ANNUAL REPORT AND ACCOUNTS
For the year ended 29 February 2016

Managed by BERINGEA LLP

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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:	29 February 2016	28 February 2015
	Pence	Pence
Net asset value per share	100.7	100.9
Dividends paid since launch	20.0	15.0
Total return (net asset value plus dividends paid since launch)	120.7	115.9
Year on year change in:		
Net asset value per share (adjusted for dividends paid in the year)	4.8%	

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

CHAIRMAN'S STATEMENT

The year has been one of changing sentiment. We started with an economy that reflected a healthy and confident outlook. The Investment Manager completed a number of attractive investments and generated strong realised returns from two portfolio companies. The Company also raised considerable new capital during the year and after the year end. Towards the end of the year, the EU Referendum has cast a shadow over the economy and changes to the VCT regulations came into effect, with more being announced after the year end, which has focussed investment activity. There remains however, a plentiful supply of positive and vibrant smaller companies in which the Investment Manager specialises.

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 5.0p paid in the year), an increase of 4.8% on the opening NAV. At 29 February 2016 the NAV per share stood at 100.7p.

The total return on ordinary activities for the year was £3.2 million, or 5.0p per share (2015: £3.1 million, 5.2p per share), comprising a revenue return of £364,000, or 0.6p per share (2015: £360,000, 0.6p per share) and capital return of £2.8 million, or 4.4p per share (2015: £2.8 million, 4.6p per share).

DIVIDENDS

The Company made total dividend payments during 2015 of 5.0p per share. This comprised two dividends: a final dividend of 2.5p for the year ended 28 February 2015 paid on 31 July 2015, and an interim dividend of 2.5p for the year ended 29 February 2016 paid on 20 November 2015.

The Board is proposing a final dividend for the year to 29 February 2016 of 4.0p per share to be paid on 15 July 2016 to shareholders on the register at 17 June 2016. The total dividends of 6.5p per share for the year ended 29 February 2016 exceeds the Company's stated dividend target of a 5% dividend yield on NAV and follows the successful partial realisation of the Company's investment in Monica Vinader.

PORTFOLIO ACTIVITY AND VALUATION

The Company invested £3.3 million in four new portfolio companies and £8.6 million in thirteen existing portfolio companies during the year, as well as funding three companies (two new and one existing), set up with the objective of identifying attractive growth capital opportunities, with £9.7 million.

The Company made a number of disposals during the year, most significantly the partial disposal of its investment in Monica Vinader and the sale of its shareholding in IS Solutions at an attractive price. Monica Vinader has been a strong performer in the portfolio and some of the increase in value of the investment has been recognised in previous valuations, but overall the investment cost the Company £1.5 million and the cash realised, together with the remaining equity investment held, represents a total return to date of £8.7 million. The Investment Manager remains positive on the prospects for the business as it looks to expand and develop further. The Company's shareholding in AIM-listed IS Solutions was received as part of the consideration for the Company's disposal of Speed-Trap Holdings last year. The sale of the remaining investment in IS Solutions in November 2015 generated a realised gain of £1.4 million. This resulted in an overall profit of £1.9 million and a 2.4x return on the initial cost of the investment in Speed-Trap.

In addition to the realised gains, the investment portfolio increased in value by £3.7 million, or 5.6p per share. Several companies continue to perform strongly and there were notable uplifts in value for Watchfinder and the residual holding in Monica Vinader. There were reductions in value for some other investments, including Utility Exchange Online, which is now valued below cost, and Skills Matter, which has been fully provided against.

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

FUNDRAISING ACTIVITIES

There has been strong demand for VCT share issues and the Company launched a top-up offer for subscription on 6 March 2015 which raised gross proceeds of £3.4 million. A further full offer was launched on 3 December 2015 and was effectively fully subscribed raising gross proceeds of £33.8 million, all of which was allotted after the year end.

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 59 of this report.

During the year, the Company purchased 849,635 shares at an average price of 95.1p per share and for an aggregate consideration of £807,624 (net of costs). This represents 1.4% 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").

PERFORMANCE FEE

The Board negotiated, and the Shareholders approved, revised performance fee arrangements with the Investment Manager in 2011, in order to assist in recruiting and retaining talented investment professionals against competition from other venture capital investment companies. These arrangements are set out in more detail in the Strategic Report on pages 23 and 24. The Company has continued to perform well since the new arrangements were introduced, driven by strong investment returns from companies. The investment return hurdle has been achieved at the year end and a performance fee of £2,554,000 is now payable to the Investment Manager. A provision for this fee has been included in the accounts and is reflected in the NAV per share.

ANNUAL GENERAL MEETING

The next AGM of the Company will be held in The Dryden Suite, Kingsway Hall Hotel, 66 Great Queen Street, Covent Garden, London WC2B 5BX at 9.30 a.m. on Tuesday 5 July 2016.

Three 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, and one resolution to allow the Company to continue to make share buy-backs as outlined above.

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 2016. This year it will take place on Tuesday 15 November 2016 at 10.30 a.m. at the British Library, 96 Euston Rd, London NW1 2DB.

The event 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 and I would very much encourage shareholders to attend.

VCT REGULATIONS

The Finance (No. 2) Act 2015, which was enacted in November 2015, imposed a number of new restrictions on the Company's ability to make new investments, including the prohibition of:

- VCT funds being used for the purpose of acquiring businesses or shares, which effectively prevents VCTs from funding management buy-outs or acquisitions by portfolio companies;
- VCT investment in a company more than 7 years (10 years for knowledge intensive companies) after it has made its first commercial sale, with certain limited exceptions; and
- Total State Aid funding into a company over its lifetime of more than £12 million (£20 million for knowledge intensive companies), in addition to the previous limit of £5 million in any twelve month period.

In addition, the Budget in March 2016 announced further restrictions on making non-qualifying investments.

The amended VCT regulations represent a significant change to the rules which applied prior to November 2015, to which all VCTs will have to adapt. At the time of writing this statement, there are uncertainties around the precise interpretation of some of the rules.

OUTLOOK

The UK economy is subject to several uncertainties that have been identified by the Chancellor of the Exchequer in his 2016 Budget, in particular the outcome of the EU Referendum. In addition, the changes in the VCT regulations will focus the Company, and the rest of the VCT industry, on a narrower range of investment opportunities. However, the vibrant entrepreneurial community has an excellent record in surmounting the ebbs and flows in the country's fortunes.

The Board believes that the established record and reputation of your Investment Manager will continue to attract a strong flow of investment opportunities and that the existing portfolio provides good opportunities for future profitable realisations.

Andrew Davison
Chairman
1 June 2016

INVESTMENT MANAGER'S REVIEW

INTRODUCTION

We have pleasure in presenting our annual review for the year ended 29 February 2016. This has been a strong year for new investment, with £3.3 million being invested in four new portfolio companies and £8.6 million being invested in thirteen existing portfolio companies. In addition, three companies (two new and one existing) were funded with £9.7 million. These companies were set up with the objective of identifying attractive growth capital opportunities. The changes to the VCT rules provided an additional challenge in the final quarter of the year but we have continued to identify attractive investment opportunities.

The year also saw a number of disposals resulting in aggregate realisation proceeds of £10.1 million and net realised gains on the initial investment cost of over £6.1 million.

At 29 February 2016, the Company's venture capital portfolio comprised 40 investments at a cost of £55.0 million and a valuation of £61.5 million, an overall uplift of 11.8% on cost.

The net cash outflow for the year before fund raising was £16.0 million. The Company's cash balances were, however, replenished by net funds raised during the year of £23.9 million, of which £20.6 million was unallotted at the year end. The Company's cash balance at the year end, together with the further funds raised after the year end, will ensure that there are sufficient funds available to take advantage of new investment opportunities.

INVESTMENT ACTIVITY

New investments

The Company made three new wholly or partly VCT qualifying investments during the year. The new investments in D3O Holdings, an impact protection solutions company (£797,000), and Sealskinz, a provider of waterproof and breathable outdoor accessories (£570,000), were completed shortly after the previous year end and discussed in the previous year's annual report. Further investments in both D3O (£80,000) and Sealskinz (£264,000) were made in October and November 2015, respectively.

In August 2015 a new qualifying investment (£340,000) was made in Network Locum, an online platform used by GPs to manage booking and invoices for locum doctors. The funds are being used to scale the company's GP locum recruitment and since we invested the business has doubled in size.

The Company made a further debt finance investment, with £1,250,000 being provided to Linkdex, a search engine optimisation platform, in December 2015 and February 2016. The funds are being used to help grow the company's operations.

The Company also funded two new companies Litchfield Media and Monmouth Holdings with a total of £7.6 million, and Pulpitum, which was originally funded in 2013, was funded with a further £2.1 million. These entities were established with the objective of identifying and investing into attractive growth capital opportunities across a range of SMEs.

Follow-on investments

The Company has been active in supporting the development of existing portfolio companies, making follow-on investments in thirteen companies during the year. The largest of these (£1,667,000) was in Cogora Group, the medical communications business. The investment was used to acquire PCM Healthcare, a business focussed on medical education and communications, as part of Cogora's transformation from a pure-play publisher to an agency business focussing on medical marketing and communications.

A further investment of £1,350,000 was made into Think. The investment is being used to support the company's shift in strategy from a full service digital agency towards a more focussed consultancy business.

Further significant follow-on investments, primarily to support continued expansion and growth opportunities, were made in Big Data Partnership (£975,000), InContext (£923,000), Perfect Channel (£890,000), MyOptique (£820,000), Chess Technologies (£617,000), Blis Media (£437,000) and Disposable Cubicle Curtains (£423,000).

There were a number of smaller investments of less than £250,000 each in Utility Exchange Online, Senselogix, Simplestream and Skills Matter.

Investment disposals

Monica Vinader, the Company's largest investment at the end of the previous year, continued to make strong progress. Annual revenues have now grown from just over £1 million when we initially invested in 2010 to £19.8 million in the year to July 2015. The company's strong track record and plans to expand into the US attracted interest from external investors. The Company was therefore able to realise a significant proportion of its holding in Monica Vinader in February 2016 as part of a refinancing and growth capital investment of £20 million by Piper, one of the UK's leading specialist investors in consumer brands, and Winona Capital, a US consumer specialist. Although almost 60% of the Company's shareholding was realised as part of this transaction, the remaining investment in Monica Vinader continues to constitute 3.9% of the Company's portfolio and we remain excited about the prospects of the business. At the year end, the valuation of the Company's investment in Monica Vinader represented a 6.5x multiple of cost.

We also took the opportunity to sell the Company's remaining shareholding in AIM listed IS Solutions. This was originally received as part of the consideration from the Company's disposal of Speed-Trap Holdings in the prior year. This disposal generated a realised gain of £1.4 million, which, when combined with the realised gain of £0.5 million recognised previously, takes the total realised gains related to the Speed-Trap disposal to £1.9 million. This is equivalent to a multiple of 2.4x the initial investment cost.

There were full disposals of the investments in Long Eaton and Eagle-i in May 2015 and in October 2015, Cross Solar was sold to trade buyers.

Maplin and SPC International repaid loan notes, following capital restructurings, generating proceeds of £279,000 and £652,000, respectively. The Company also received a number of loan note repayments during the year, including all the scheduled repayments from the debt-finance investments and the scheduled loan repayment from Campden Wealth, which included a 100% redemption premium.

Key developments at existing portfolio companies

Following the partial realisation of Monica Vinader, the Company's largest investment is Watchfinder.co.uk, which accounts for 6.2% of the Company's portfolio. Watchfinder.co.uk continues to go from strength to strength and appeared in the 2015 Sunday Times Fast Track 100 Report, having recorded average sales growth of 42.9% per annum between 2012 and 2015. The company opened a new retail shop in Leeds Victoria Quarter during the year and has now sold more than £200 million worth of watches. The valuation of the Company's investment increased by £2.9 million over the course of the year.

Blis Media also had a strong year. In March 2016, a $20 million funding round was closed, with investment from Unilever Ventures, Endeit Capital and funds managed by our US office. The funding will be used to accelerate the company's expansion into the US. The price implied by the transaction represented an uplift on the previous carrying value of £0.4 million. The valuation of Blis Media at the year end represents an unrealised uplift on cost of over 2.6x.

There have inevitably been some downward movements in valuations in the portfolio. Utility Exchange Online has suffered from downward pressure on margins as new, well-funded entrants look to secure market share. In addition, the upheaval of the relocation of the business from Derby to Manchester resulted in a decline in profits. These factors have resulted in a reduction in value for the investment of £1.2 million. Skills Matter has also suffered from a serious disruption to trading caused by a move to new premises. We have taken a cautious view of the company's prospects and have made a full provision against the investment, representing a reduction in value of £0.4 million

In addition to the realised gains, the investment portfolio showed an overall uplift of £3.7 million, or 5.6p 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 19.

POST YEAR-END DEVELOPMENTS

Between 29 February 2016 and the date of this report, the Company issued 32,867,383 Ordinary Shares for an aggregate consideration of £33.8 million. Share issue costs thereon amount to £1.1 million.

The Company made one new and two significant follow on investments totalling £1,466,000, with further deals in the pipeline.

In May 2016, the Company invested £880,000 in Thread Inc., a menswear e-commerce site which recommends styles and items based on an individual's tastes and preferences. The company offers customers the ability to receive personalised styling suggestions from over 1,000 brands.

Further investments were also make into InContext Solutions (£400,000) and Big Data Partnership (£186,000).

In May 2016, the Company's loan with Speciality European Pharma was repaid in full. The Company received an aggregate amount of £2,022,000, which included all outstanding interest and capital, together with an exit fee of £59,000.

VCT REGULATIONS

The changes to the VCT rules discussed in the half yearly report came into effect in November 2015. However, there is still some uncertainty over the application of the rules in practice and further clarification will be needed over the coming months.

More recently, the March 2016 Budget introduced further changes effective from 6 April 2016, restricting the Company to investing the non-qualifying portion of the portfolio in certain specified categories of investment. These changes will prevent the Company from making any non-qualifying investments in unquoted SMEs, even if these companies would otherwise have complied with the new VCT rules.

OUTLOOK

The significant realisations during the period, together with continued strong performance of the rest of the portfolio, has resulted in the largest net gain on investments for over five years. The new VCT rules will provide an obvious challenge and we continue to work closely with the Company's VCT adviser to ensure VCT compliance of the new investments being pursued.

We are also seeing an increase in competition for new deals as the amount of capital targeting entrepreneurial growth companies continues to increase. However, we believe our experience and reputation will ensure that we continue to generate a strong flow of investment opportunities and are able to compete for these successfully.

Overall, we are pleased with the composition and performance of the current portfolio and despite the challenges of the market we are confident that we will be able to continue to deliver attractive returns to Shareholders from both the existing portfolio companies and new investments.

Beringea LLP
1 June 2016

INVESTMENT ACTIVITY

Investment activity during the year is summarised as follows:

Additions	Cost £'000
Monmouth Holdings Limited	4,000
Litchfield Media Limited	3,580
Pulpitum Limited	2,100
Cogora Group Limited	1,667
Think Limited	1,350
Linkdex Limited	1,250
Big Data Partnership Limited	975
InContext Solutions, Inc	923
Perfect Channel Limited	890
D3O Holdings Limited	877
Sealskinz Holdings Limited	834
MyOptique Group Limited	820
Chess Technologies Limited	617
Blis Media Limited	437
Disposable Cubicle Curtains Limited	423
Network Locum Limited	340
Utility Exchange Online Limited	175
Senselogix Limited	160
Simplestream Limited	121
Skills Matter Limited	65
Total	**21,604**

Disposals	Cost £'000	Market value at 01/03/15 † £000	Disposal proceeds £'000	Realised gain/(loss) against cost £'000	Realised gain/(loss) during the year £'000
Monica Vinader Limited**	991	3,384	5,197	4,206	1,813
IS Solutions plc	493	1,215	1,926	1,433	711
SPC International Limited**	433	652	652	219	–
Cross Solar PV Limited	342	476	458	116	(18)
Campden Wealth Limited	227	227	454	227	227
Speciality European Pharma Limited*	310	310	310	–	–
MEL Topco Limited (t/a Maplin)**	279	279	279	–	–
Celoxica Limited*	250	250	250	–	–
Chess Technologies Limited*	200	200	200	–	–
Peerius Limited*	151	151	151	–	–
Think Limited**	200	230	102	(98)	(128)
Conversity Limited (formerly Cinergy International Limited)*	85	–	85	–	85
Espresso Group Limited	–	–	40	40	40
Eagle -i Music Limited	13	13	27	14	14
Long Eaton Healthcare Limited	1	5	10	9	5
Linkdex Limited*	6	6	6	–	–
Total	**3,981**	**7,398**	**10,147**	**6,166**	**2,749**

† Adjusted for purchases during the year

* Loan repayments during the year

** Partial disposal

Of the investments above, Espresso Group Limited was realised in prior periods but received proceeds in the current period in excess of the amounts previously accrued.

INVESTMENT PORTFOLIO

AS AT 29 FEBRUARY 2016

The following investments were held at 29 February 2016:

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Watchfinder.co.uk Limited	2,629	5,518	2,889	6.2%
Monmouth Holdings Limited*†	4,000	4,000	–	4.5%
Pulpitum Limited*	4,200	3,933	(150)	4.4%
Cogora Group Limited**	2,643	3,658	161	4.1%
Litchfield Media Limited	3,580	3,580	–	4.0%
Monica Vinader Limited**	534	3,468	1,357	3.9%
Perfect Channel Limited	2,635	2,732	97	3.1%
Think Limited**	2,757	2,616	(238)	2.9%
MEL Topco Limited (t/a Maplin Electronics)*	2,217	2,465	247	2.7%
Chargemaster plc**	2,421	2,422	1	2.7%
MyOptique Group Limited**	2,420	2,420	–	2.7%
Donatantonio Group Limited	1,177	2,369	1,019	2.6%
Blis Media Limited**	841	2,207	390	2.5%
Third Bridge Group Limited (Formerly Cognolink Limited)	949	2,079	145	2.3%
Speciality European Pharma Limited*	2,052	2,052	–	2.3%
Disposable Cubicle Curtains Limited**	1,693	1,937	245	2.2%
InContext Solutions, Inc**	1,576	1,713	142	1.9%
Big Data Partnership Limited	1,505	1,505	–	1.7%
Linkdex Limited*	1,244	1,244	–	1.4%
SPC International Limited**	386	1,196	(334)	1.3%
Response Tap Limited	1,060	1,121	61	1.3%
Charterhouse Leisure Limited**	875	951	(87)	1.1%
Matssoft Limited**	1,010	861	(308)	1.0%
APM Healthcare Limited	500	858	75	1.0%
Sealskinz Holdings Limited	834	834	–	0.9%
Chess Technologies Limited	1,045	829	(66)	0.9%
D30 Holdings Limited**	877	605	(272)	0.7%
Inskin Media Limited	365	552	(3)	0.6%
Celoxica Limited*	386	386	–	0.4%
Simplestream Limited**	344	370	23	0.4%
Network Locum	340	340	–	0.4%
Peerius Limited*	277	277	–	0.3%
Utility Exchange Online Limited	1,285	215	(1,154)	0.2%
Senselogix Limited	986	100	(161)	0.1%

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Dianomi Limited	105	55	–	0.1%
7digital Group plc**	1,101	32	(28)	0.1%
	52,849	**61,500**	**4,051**	**68.9%**
Other venture capital investments	**2,186**	**–**	**(381)**	**0.0%**
Total venture capital investments	**55,035**	**61,500**	**3,670**	**68.9%**
Cash at bank and in hand		27,755		31.1%
Total investments		**89,255**		**100.0%**

Other venture capital investments at 29 February 2016 comprise: Skills Matter Limited*, Conversity Limited (formerly Cinergy International Limited), Steribottle Global Limited* and Vigilant Applications Limited*.

* Non qualifying investment

** Partially non qualifying investment

† Investee company 100% owned by the Company but not consolidated as held exclusively for resale as part of an investment portfolio.

With the exception of 7digital Group plc which is quoted on AIM, all venture capital investments are unquoted.

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

Blis Media Limited is also held by ProVen Planned Exit VCT plc, of which Beringea LLP was the Investment Manager until 31 March 2016 when ProVen Planned Exit VCT plc was placed into Members Voluntary Liquidation. The liquidator has agreed that Beringea LLP will continue to manage the investment in Blis Media Limited on behalf of ProVen Planned Exit VCT plc until it is sold.

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 29 FEBRUARY 2016

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

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

Watchfinder is the UK's premier reseller of pre-owned luxury watches. Watchfinder has a full-service, manufacturer specification service centre in Maidstone, Kent. The company buys pre-owned 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, Bluewater Shopping Mall, and Leed's Victoria Quarter.

Cost:		**£2,629,000**
Investment comprises:		
Ordinary shares:		£2,629,000
Audited accounts:	**31/03/15**	**31/03/14**
Turnover:	£38.7m	£25.1m
Profit before tax:	£1.8m	£1.0m
Net assets:	£5.6m	£1.0m

Valuation method:	**Discounted revenue multiple**
Valuation at 29/02/16:	£5,518,000
Valuation at 28/02/15:	£2,629,000
Dividend income:	£–
Loan note income:	n/a
Proportion of equity held:	12.4%
Diluted equity:	12.4%

MONMOUTH HOLDINGS LIMITED

Monmouth Holdings is a company which has been established to take advantage of growth capital opportunities across a range of SMEs.

Cost:	**£4,000,000**
Investment comprises:	
Ordinary shares:	£400,000
Loan stock:	£3,600,000
Audited accounts:	
Turnover:	No accounts prepared
Profit before tax:	No accounts prepared
Net assets:	No accounts prepared

Valuation method:	**Net asset value**
Valuation at 29/02/16:	£4,000,000
Valuation at 28/02/15:	n/a
Dividend income:	£–
Loan note income:	£45,000
Proportion of equity held:	100.0%
Diluted equity:	100.0%

PULPITUM LIMITED

Pulpitum Limited is a company which will look to take advantage of growth capital opportunities within the digital sector.

Cost:	**£4,200,000**
Investment comprises:	
Ordinary shares:	£1,050,000
Loan stock:	£3,150,000

Unaudited accounts:	**30/11/14**
Turnover:	Not available
Profit before tax:	Not available
Net assets:	£2.2m

Valuation method:	**Net asset value**
Valuation at 29/02/16:	£3,933,000
Valuation at 28/02/15:	£1,982,000

Dividend income:	£–
Loan note income:	£131,000
Proportion of equity held:	20.6%
Diluted equity:	20.6%

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:	**£2,643,000**
Investment comprises:	
Ordinary shares:	£698,000
Loan stock:	£1,945,000

Audited accounts:	**31/12/14**	**31/12/13**
Turnover:	£8.8m	£4.7m
(Loss)/profit before tax:	(£0.2m)	£2.8m
Net assets:	£1.4m	£1.5m

Valuation method:	**Discounted earnings multiple**
Valuation at 29/02/16:	£3,658,000
Valuation at 28/02/15:	£1,829,000

Dividend income:	£–
Loan note income:	£66,000
Proportion of equity held:	27.1%
Diluted equity:	27.1%

REVIEW OF INVESTMENTS

CONTINUED

LITCHFIELD MEDIA LIMITED

Litchfield Media is a company which has been established to take advantage of investment opportunities in the media and marketing services markets.

Cost:	**£3,580,000**	**Valuation method:**	**Net asset value**
Investment comprises:		Valuation at 29/02/16:	£3,580,000
Ordinary shares:	£358,000	Valuation at 28/02/15:	n/a
Loan stock:	£3,222,000		

Audited accounts:		Dividend income:	£–
Turnover:	No accounts prepared	Loan note income:	£40,000
Profit before tax:	No accounts prepared	Proportion of equity held:	35.1%
Net assets:	No accounts prepared	Diluted equity:	35.1%

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.

Cost:		**£534,000**	**Valuation method:**	**Price of recent investment**
Investment comprises:			Valuation at 29/02/16:	£3,468,000
Ordinary Shares:		£534,000	Valuation at 28/02/15:	£5,495,000

Audited accounts:	**31/07/15**	**31/07/14**	Dividend income:	£–
Turnover:	£19.8m	£14.0m	Loan note income:	n/a
(Loss)/profit before tax:	(£0.3m)	£0.6m	Proportion of equity held:	6.2%
Net assets:	£3.4m	£3.6m	Diluted equity:	6.2%

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:		**£2,635,000**
Investment comprises:		
Ordinary shares:		£2,635,000
Unaudited abbreviated accounts:	**31/12/15**	**31/12/14**
Turnover:	Not available	Not available
Profit before tax:	Not available	Not available
Net assets:	£1.9m	£1.7m

Valuation method:	**Discounted revenue multiple**
Valuation at 29/02/16:	£2,732,000
Valuation at 28/02/15:	£1,745,000
Dividend income:	£–
Loan note income:	n/a
Proportion of equity held:	31.2%
Diluted equity:	31.2%

THINK LIMITED

www.think.eu

Think is an award-winning digital agency that works with world-leading brands such as Bupa, Toyota and Warner Bros.

Cost:		**£2,757,000**
Investment comprises:		
Ordinary shares:		£1,452,000
Loan Stock:		£1,305,000
Audited accounts:	**31/10/14**	**31/10/13**
Turnover:	£6.2m	£8.0m
Loss before tax:	(£0.2m)	(£0.4m)
Net assets:	£1.3m	£1.4m

Valuation method:	**Discounted revenue multiple**
Valuation at 29/02/16:	£2,616,000
Valuation at 28/02/15:	£1,734,000
Dividend income:	£–
Loan note income:	£77,000
Proportion of equity held:	34.6%
Diluted equity:	34.6%

REVIEW OF INVESTMENTS

CONTINUED

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:	**£2,217,000**	**Valuation method:**	**Discounted earnings multiple**
Investment comprises:		Valuation at 29/02/16:	£2,465,000
Ordinary shares:	£27,000	Valuation at 28/02/15:	£2,496,000
Loan stock:	£2,190,000		
Audited accounts:	**21/03/15***	Dividend income:	£–
Turnover:	£186.9m	Loan note income:	£39,000
Loss before tax:	(£3.0m)	Proportion of equity held:	2.8%
Net liabilities:	(£2.1m)	Diluted equity:	2.8%

* Accounts for the 46 weeks ended 21 March 2015

CHARGEMASTER PLC

www.chargemasterplc.com

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

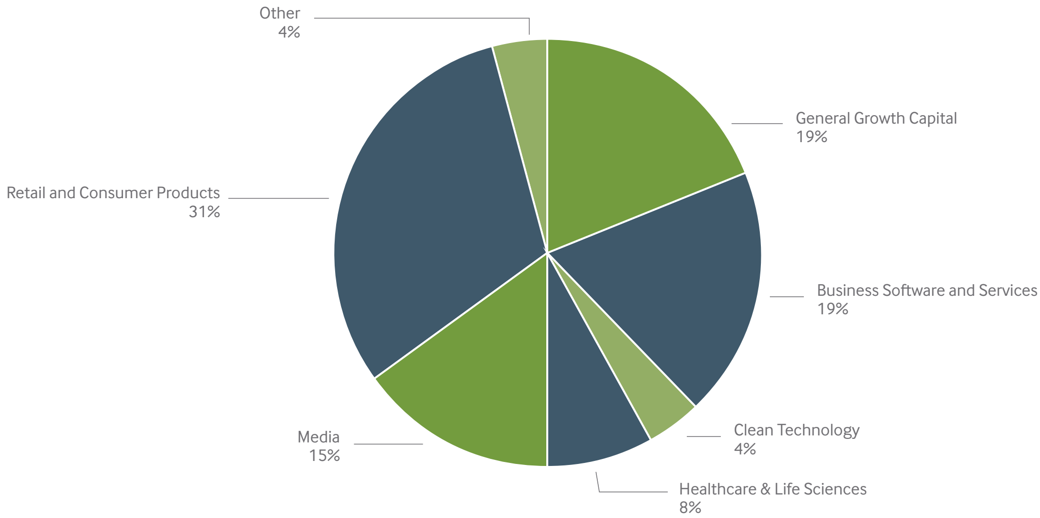
Cost:		**£2,421,000**	**Valuation method:**	**Discounted revenue multiple**
Investment comprises:			Valuation at 29/02/16:	£2,422,000
Ordinary shares:		£2,421,000	Valuation at 28/02/15:	£2,421,000
Audited accounts:	**31/12/14**	**31/12/13**	Dividend income:	£–
Turnover:	£12.8m	£5.5m	Loan note income:	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%

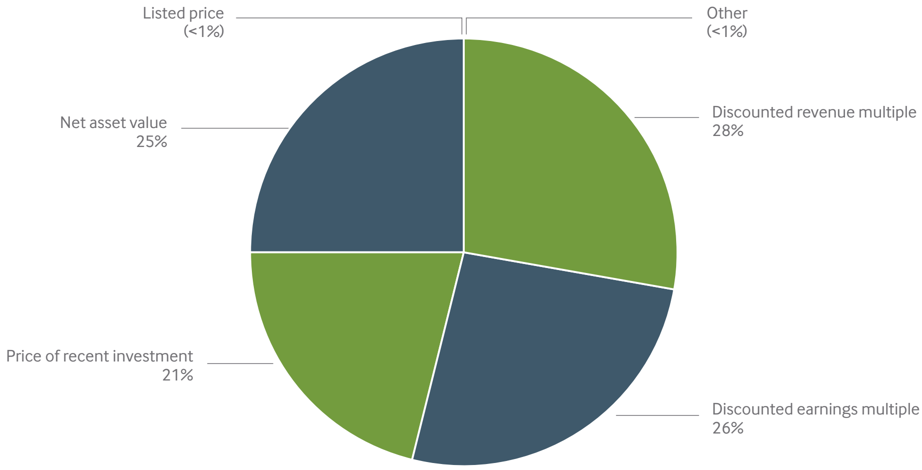
Portfolio company financial information is based on publicly available information filed at Companies House in the UK (or equivalent locations in overseas jurisdictions). Certain information may not be required to be filed, dependent, for example, on the company's size, and, in the interests of portfolio 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 analysis of the portfolio by sector and valuation technique (based on valuation) is set out below:





BOARD OF DIRECTORS

ANDREW DAVISON, FCA
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 has been a director of a number of quoted and unquoted companies.

BARRY DEAN, FCA

Barry has over 30 years' experience in the venture capital industry, including 14 years as Managing Director of Dresdner Kleinwort Benson Private Equity Limited, a longstanding "mid-market" private equity fund manager. He is currently a director of Downing One VCT plc and Elderstreet VCT plc.

MALCOLM MOSS

Malcolm is a Senior Managing Director of Beringea LLC and a founder of Beringea LLP. Over the last 25 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 and ProVen Growth & Income VCT plc, he sits on the investment committees of Beringea Group's US venture capital funds.

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 Global 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 29 February 2016. 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 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 29 February 2016 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 Company began the year with £43.6 million of venture capital investments and ended with £61.5 million spread over a portfolio of 40 companies. 30 of these investments with a value of £47.1 million were VCT qualifying (or part qualifying).

The profit on ordinary activities after taxation for the year was £3.2 million, comprising a revenue profit of £0.4 million and a capital profit of £2.8 million.

The Ongoing Charges ratio (excluding performance fees and recoverable VAT) in respect of the year ended 29 February 2016, based on average net assets during the year, was 2.6% (2015: 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.

Following recent changes to the VCT regulations, certain investments under the current investment policy will no longer be permitted. Notwithstanding this, the Board believes that the Company will still be able to make appropriate qualifying and non-qualifying investments that comply with the new VCT regulations under the current investment policy.

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 Philip Hare & Associates LLP to advise it on compliance with VCT requirements, including evaluation of investment opportunities as appropriate and regular review of the portfolio. Although Philip Hare & Associates LLP works closely with the Investment Manager, they report directly to the Board.

Compliance with the main VCT regulations as at 29 February 2016 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 29 February 2016, was equal to £86.5 million (2015: £63.1 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 £1,318,000 (2015: £1,239,000) (inclusive of VAT where applicable), of which £322,000 (2015: £291,000) 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 £18,500 (2015: £56,000) and fees paid to Beringea in their capacity as Administration Manager totalled £37,500. An amount of £14,000 remained payable to Beringea at the year end.

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 £590,000 (2015: £575,000) and monitoring fees of £708,000 (2015: £714,000). These fees are payable by the investee companies into which the Company invests and are not a direct liability or expense of the Company.

PERFORMANCE INCENTIVE FEES

In line with 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 Investment 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 Total Return per Ordinary Share is at least equal to the Hurdle.

STRATEGIC REPORT
CONTINUED

As at the 29 February 2016, the New Performance Value was 126.0p, comprising a NAV prior to the performance fee accrual of 104.6p, Cumulative Dividends of 20.0p , Performance fees paid of 0.1p and a Residual PIF Adjustment of 1.3p. With a New Performance Value of 126.0p the hurdle has now been met and the Investment Manager is eligible to receive a performance fee for the year ended 29 February 2016. All fees paid under the new performance incentive arrangements will be inclusive of VAT, if applicable.

The performance fees payable in respect of Ordinary Shares for the year under review were £2,564,000 (2015: £59,000) to Beringea of which £2,554,000 (2014: £65,000) 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 above). 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 29 February 2016 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 30 April 2016 (the latest published rankings by the AIC), the Company was ranked fourteenth out of thirty-one 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 17 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.

VIABILITY STATEMENT

The Board has assessed the Company's prospects over the three year period to 28 February 2019. A three year period has been considered appropriate as it broadly aligns with the time frame during which the Investment Manager will be required to invest 70% of the funds from the most recent offer for subscription dated 3 December 2015 in qualifying investments.

In order to support this statement the Board has carried out a robust assessment of the principal risks faced by the Company, as detailed above, and considered the availability of mitigating factors.

The Board consider that the primary risk faced by the Company is compliance with the VCT rules and although there are a number of mitigating factors such as a robust deal identification and diligence process, an experienced investment team and consultation with the Company's VCT status adviser to ensure that investments made comply with the new VCT rules, these factors cannot mitigate the risk that insufficient qualifying investments are identified to ensure ongoing compliance with the 70% VCT qualification test.

Accordingly, the amount required to invest in qualifying holdings to maintain compliance with the VCT rules was a major consideration in the Board's analysis. Together with the expected liabilities of the Company for the three years to 28 February 2019, the Board considered the forecast cash requirements against the expected cash position, taking into account a level of assumed investment realisations and investment income during the period.

Based on the above considerations, the Board has determined that the Company will be able to continue in operation, maintain compliance with the VCT rules and meet its liabilities as they fall due for the three years to 28 February 2019.

DIRECTORS' REMUNERATION

It is a requirement under Companies Act 2006 for shareholders to approve the Directors remuneration policy every three years, or sooner if the Company wishes to make changes to the policy. The Directors remuneration policy that was approved at the AGM of the Company on 22 July 2015 is set out on page 34.

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 Review.

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
1 June 2016

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 29 February 2016.

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 29 February 2016:	3,225	5.0p

During the year ended 29 February 2016, the Company paid a final dividend of 2.5p per Ordinary Share in respect of the year ended 28 February 2015. An interim dividend of 2.5p per Ordinary Share, was paid in respect of the year ended 29 February 2016.

The Board is proposing a final 2016 dividend of 4.0p per Ordinary Share, to be paid on 15 July 2016 to Shareholders on the register at 17 June 2016.

DIRECTORS

The Directors' whose names and biographies are set out on page 20, all served throughout the year.

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 20 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"). The total number of Ordinary Shares in issue at 29 February 2016 was 65,473,795.

At the 2015 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 9,881,019 Ordinary Shares. At the current date, authority remains for the Company to make market purchases of up to 9,641,274 Ordinary Shares. A resolution to renew this authority will be put to Shareholders at the AGM taking place on 5 July 2016.

During the year 3,425,418 shares were issued at average prices between 99.0p and 100.3p per share, with an aggregate nominal value of £342,542 pursuant to the offer for subscription dated 6 March 2015. The aggregate consideration for the shares was £3,432,950 which excluded share issue costs of £72,000.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 197,583 Ordinary Shares at 100.1p per share to subscribing Shareholders on 31 July 2015 and 208,437 Ordinary Shares at 96.4 p per share to subscribing Shareholders on 23 November 2015. In total, the aggregate consideration for the shares was £398,714.

During the year, the Company repurchased a further 849,635 Ordinary Shares for an aggregate consideration (net of costs) of £807,624 being an average price of 95.1p per share and which represented 1.4% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £84,964. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £4,000.

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 Dryden Suite, Kingsway Hall Hotel, 66 Great Queen Street, Covent Garden, London, WC2B 5BX at 9.30 a.m. on Tuesday 5 July 2016. Notice of the Annual General Meeting is at the end of this document.

SUBSTANTIAL INTERESTS

As at 29 February 2016, and at the date of this report, the Company was not aware of any beneficial interest exceeding 3% of the issued share capital.

DIRECTORS' INDEMNITY

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

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 are listed on page 20, 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.

DIRECTORS' REPORT

CONTINUED

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 29.

The Statement of Corporate Governance describes how the principles and supporting principles within the UK Corporate Governance Code, published in September 2014, have been applied by the Company throughout the year ended 29 February 2016, except where disclosed within the Statement of Corporate Governance.

POLITICAL DONATIONS

No political donations were made by the Company during the year ended 29 February 2016 (2015: £nil).

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 21 to 25.

POST BALANCE SHEET EVENTS

Between 29 February 2016 and the date of this report, the Company issued 32,867,383 Ordinary Shares for an aggregate consideration of £33.8 million. Share issue costs thereon amount to £1.1 million.

The Company made one new and two significant follow on investments totalling £1,466,000.

In May 2016, the Company invested £880,000 in Thread Inc., a menswear e-commerce site which recommends styles and items based on an individual's tastes and preferences. The follow on investments comprised an investment of £400,000 into InContext Solutions and an investment into Big Data Partnership of £186,000.

Also in May 2016, the Company's loan with Speciality European Pharma was repaid in full. The Company received an aggregate amount of £2,022,000, which included all outstanding interest and capital, together with an exit fee of £59,000.

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.

This Directors' report, which has been approved by the Board, includes all relevant information required to be disclosed under LR9.8.4R.

By order of the Board

Beringea LLP
Company Secretary
39 Earlham Street
London WC2H 9LT
1 June 2016

STATEMENT OF CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code issued in September 2014 (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 Directors consider that the Company has complied with all relevant principles and provisions of the Code throughout the year ended 29 February 2016 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. Both Andrew Davison and Barry Dean have served on the Board for more than nine years and will offer themselves for re-election at the forthcoming AGM in accordance with Company policy. The Board is satisfied of Andrew Davison's and Barry Dean's continuing independence as both had no dealings with Beringea LLP prior to their appointment, either in a professional or personal capacity, and neither are involved in the day-to-day running of the Company. 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 20.

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 at least four times a year 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 page 6 of the Chairman's Statement and page 26 of the Directors' Report.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

BOARD AND COMMITTEE MEETINGS

The following table sets out the Directors' attendance at full Board and Committee meetings held during the year ended 29 February 2016.

	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings	
Director	**held**	**attended**	**held**	**attended**	**held**	**attended**	**held**	**attended**
Andrew Davison	5	5	2	2	1	1	1	1
Barry Dean	5	5	2	2	1	1	1	1
Malcolm Moss	5	5	n/a	n/a	n/a	n/a	n/a	n/a
Lorna Tilbian	5	4	2	2	1	1	1	1

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;
- considering whether there is the need for an internal audit function; 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 27, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 38.

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 29 February 2016 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 key areas considered by the Audit Committee to be risks in relation to the business activities and financial statements of the Company are set out in the following table, together with how these risks were addressed.

These areas are discussed between the Audit Committee, 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 Audit Committee and/or Investment Manager will engage outside professional support where this is deemed desirable and in the interests of Shareholders.

Risks	Mitigation
Valuation of unquoted investments	The unquoted investment valuations are prepared by the Investment Manager and agreed by the Board on a quarterly basis. On an annual basis, the Company's Auditor, BDO LLP, reports to, and discusses with, the Audit Committee their findings and any concerns arising from their review of the investment valuations. No material issues were identified for the year ended 29 February 2016.
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.	VCT qualification monitoring reports are prepared by the Administration Manager and approved by the Board on a quarterly basis. On a bi-annual basis, the Company's VCT status adviser reports to the Audit Committee in relation to compliance with the VCT legislation. The report for the year ended 29 February 2016 showed compliance with all aspects of the VCT regulations as summarised on page 22. The Investment Manager regularly liaises with the Company's VCT status adviser in relation to VCT qualification on individual investments and from November 2015 more robust processes were put in place to ensure VCT compliance of all investments being made. No material issues were identified for the year ended 29 February 2016.

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 their audit process and setting out their 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 49.

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.

The Audit Committee has considered the need for an internal audit function. Given the size and nature of the Company and its relationship with key service providers, the Audit Committee has recommended to the Board that the oversight of the Audit Committee, together with the processes in place, are sufficiently robust and that no internal audit function is required.

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.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

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 2016 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. The evaluation will be updated each year, including the approach to risk, Board training and Directors' ability to provide effective challenge.

Representatives from the Company Secretary were well placed to prepare an updated survey that was relevant, understandable and would 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 2016 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.

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 Philip Hare & Associates 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 for monitoring the systems of risk management and internal control. It also 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 to 7, the Investment Manager's Review on pages 8 to 9, the Strategic Report on pages 21 to 25 and the Directors' Report on pages 26 to 28. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Statement of Financial Position on page 44, the Statement of Cash Flows on page 45 and the Strategic Report on page 22. In addition, notes 17 and 18 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.

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.

By order of the Board

Beringea LLP
Company Secretary
39 Earlham Street
London WC2H 9LT
1 June 2016

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. As reported in last year's annual report, remuneration levels were increased from 1 March 2015 as set out below. There were no other changes regarding the remuneration policy during the year ended 29 February 2016.

DIRECTORS' REMUNERATION POLICY

Shareholders must vote on the Directors' remuneration policy every three years or sooner if the Company wishes to make changes to the policy. Shareholders last voted on the remuneration policy on 22 July 2015 and no further changes to the Directors' remuneration policy are proposed.

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 £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 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.

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 July 2015, the following votes were received in respect of the resolutions approving the Directors' Remuneration Report and Directors' Remuneration Policy:

Directors' Remuneration Report:

Voting	Votes received	Percentage
Votes for	3,625,270	88.8%
Votes for – discretion	106,963	2.6%
Votes against	348,114	8.5%
Votes received	4,080,347	100.0%
Votes withheld	81,864	

Directors' Remuneration Policy:

Voting	Votes received	Percentage
Votes for	3,472,525	85.8%
Votes for – discretion	106,963	2.6%
Votes against	468,251	11.6%
Votes received	4,047,739	100.0%
Votes withheld	114,472	

The Board believes that the results show significant Shareholder support for the remuneration policy.

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 5 July 2016.

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 38 to 41.

DIRECTORS' REMUNERATION (AUDITED)

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

	Year ended 29 Feb 2016 £	Year ended 28 Feb 2015 £
Andrew Davison (Chairman)	35,000	30,000
Barry Dean	27,500	22,500
Malcolm Moss	15,000	15,000
Lorna Tilbian	27,500	22,500
	105,000	90,000

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.

The remuneration levels for the year to 28 February 2017 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

DIRECTORS' REMUNERATION REPORT

CONTINUED

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 29 February 2016 and 28 February 2015 were as follows:

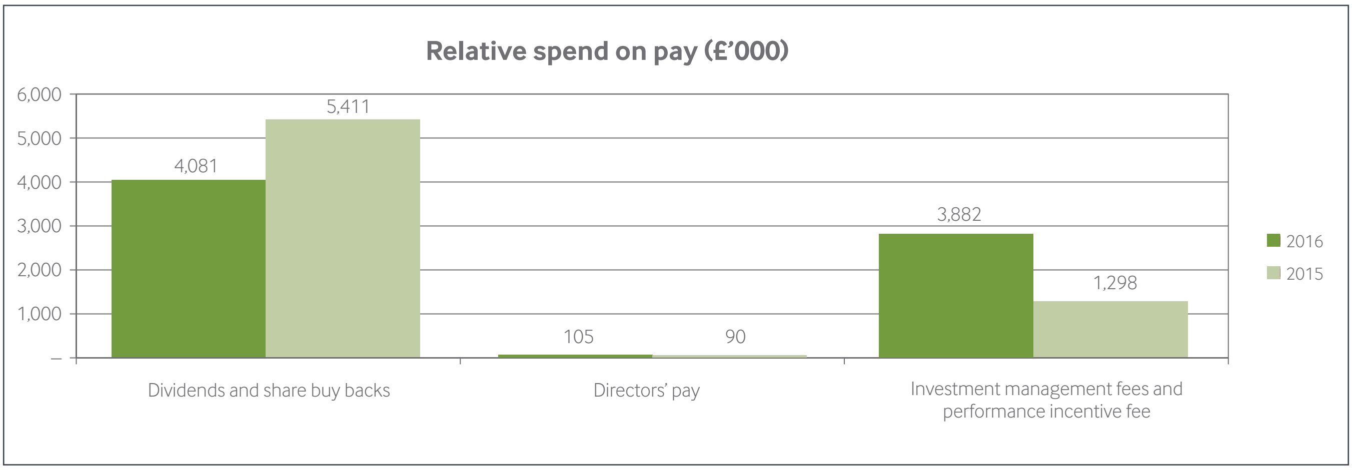
Director	29 Feb 2016	28 Feb 2015
Andrew Davison	37,912	37,912
Barry Dean	29,252	29,252
Malcolm Moss	–	2,760
Lorna Tilbian	–	–

On 10 March 2016, Andrew Davison and Malcolm Moss were allotted 14,962 and 24,937 Ordinary Shares, respectively, under the offer for subscription dated 3 December 2015. There were no other movements in Directors' holdings.

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

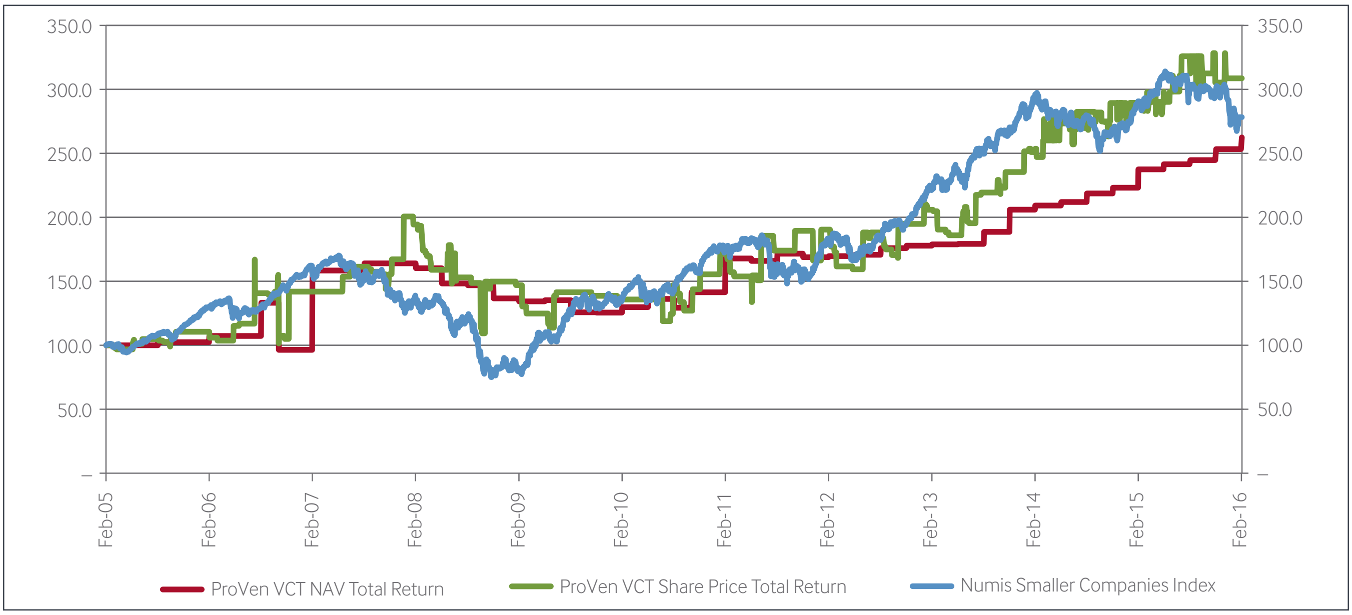
RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 2016 and 2015 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:



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
1 June 2016

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 29 February 2016, which have been prepared by the directors in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice):

- give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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;
- statement of changes in equity;
- statement of financial position;
- statement of cash flows; and
- 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.

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.

Valuation of investments:

Valuation of investments is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations being prepared by the investment manager, who is remunerated based on the net asset value of the company.

The valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines. The investments are held in a diverse range of entities and are valued using various valuation models as appropriate in each circumstance. For a sample of investments held, our audit procedures included:

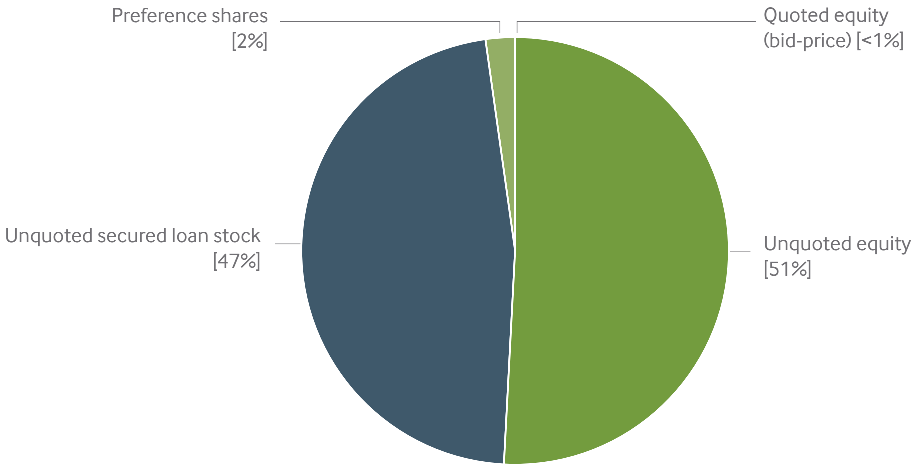
- considering the appropriateness of the valuation methodology ensuring that it is in accordance with the International Private Equity and Venture Capital Valuation Guidelines;
- reviewing and challenging the assumptions inherent in the valuation models by comparison to appropriate benchmark data;
- carefully examining the investment manager's assessment of maintainable earnings and revenue with reference to the investee's historic performance and current prospects;
- assessing the appropriateness of discount rates and marketability discounts where applied in the model with reference to market data for comparable assets; and
- assessing the impact of estimation uncertainty concerning these assumptions and the completeness of associated disclosures in the financial statements.

Where such investments were held in loans, we also considered wider economic and commercial factors that, in our judgement, could impact on the recoverability and valuation of those loans.

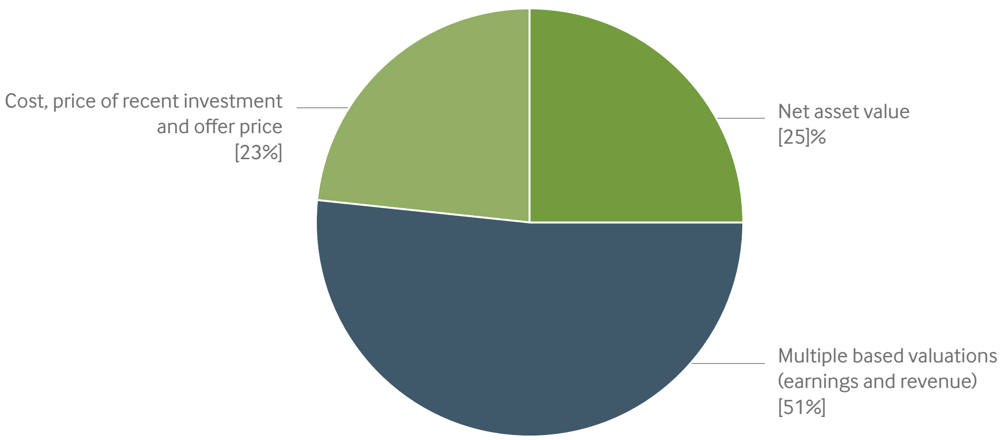
Where appropriate we developed our own point estimate using alternative assumptions that could reasonably be applied. We considered the overall impact of such sensitisations on the portfolio of investments in determining whether the valuations as a whole are reasonable and unbiased.

We include a breakdown of investment portfolio by nature or instrument type and valuation method below:

INVESTMENT PORTFOLIO BY TYPE



UNQUOTED INVESTMENTS – VALUATION METHOD



Revenue recognition:

Revenue consists largely of loan stock interest, dividends receivable from investee companies and interest earned on cash balances. Revenue recognition is considered to be a significant audit risk as it is the key driver of dividend returns to investors and there is judgement required in determining whether accrued income should be regarded as recoverable.

- we assessed the design and the implementation of the controls relating to revenue recognition and we developed expectations for interest income receivable based on loan instruments and investigated any variations in amounts recognised to ensure they were valid;
- 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;

INDEPENDENT AUDITOR'S REPORT

CONTINUED

- we also reviewed the recognition and classification of any accrued income, considering the appropriateness of the classification of income between revenue and capital in the Income Statement; and
- we also tested dividends receivable to cash received, as well as to supporting documentation and management accounts or board minutes of the investee companies.

The Audit Committee's consideration of these key issues is set out on pages 30 to 31.

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. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to 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	• The value of investments • The level of judgement inherent in the valuation • The range of reasonable alternative valuations	1,200,000
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.	• Level of gross income	60,000

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000, 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 32 and 33 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.

STATEMENT REGARDING THE DIRECTORS' ASSESSMENT OF PRINCIPAL RISKS, GOING CONCERN AND LONGER TERM VIABILITY OF THE COMPANY

We have nothing material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity,
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated,

- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements, and
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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.

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' statements in relation to going concern, set out on page 33, and in relation to longer-term viability, set out on pages 24 and 25; and
- the part of the Statement of Corporate Governance statement 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.

Michelle Carroll (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
1 June 2016

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

INCOME STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	Year ended 29 February 2016 Revenue £'000	Capital £'000	Total £'000	Year ended 28 February 2015 Revenue £'000	Capital £'000	Total £'000
Income	2	1,103	–	1,103	1,027	–	1,027
Gains on investments	10	–	6,419	6,419	–	3,792	3,792
		1,103	**6,419**	**7,522**	**1,027**	**3,792**	**4,819**
Investment management fees	3	(329)	(989)	(1,318)	(310)	(929)	(1,239)
Performance incentive fees	4	–	(2,564)	(2,564)	–	(59)	(59)
Other expenses	5	(410)	(5)	(415)	(357)	(20)	(377)
Return on ordinary activities before tax		**364**	**2,861**	**3,225**	**360**	**2,784**	**3,144**
Tax on ordinary activities	7	–	–	–	–	–	–
Return attributable to equity shareholders		**364**	**2,861**	**3,225**	**360**	**2,784**	**3,144**
Basic and diluted return per share	9	**0.6p**	**4.4p**	**5.0p**	**0.6p**	**4.6p**	**5.2p**

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 Income Statement 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 Comprehensive Income 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 profit or 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.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2016

Year ended 29 February 2016

	Called up share capital £'000	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	Total £'000
At 1 March 2015	6,249	3,502	28,286	13,536	–	7,261	4,411	(189)	63,056
Issue of new shares	383	–	–	3,449	–	–	–	–	3,832
Share buybacks	(85)	85	(812)		–	–	–	–	(812)
Share issue costs	–	–	(72)	–	–	–	–	–	(72)
Total comprehensive income	–	–	–	–	–	253	2,608	364	3,225
Dividends paid	–	–	(2,945)	–	–	–	–	(328)	(3,273)
Unallotted share capital	–	–	–	–	20,576	–	–	–	20,576
At 29 February 2016	**6,547**	**3,587**	**24,457**	**16,985**	**20,576**	**7,514**	**7,019**	**(153)**	**86,532**

Year ended 28 February 2015

	Called up share capital £'000	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	Total £'000
At 1 March 2014	4,876	3,399	30,398	70	5,550	5,120	6,940	(279)	56,074
Issue of new shares	1,476	–		13,466	(5,550)	–	–	–	9,392
Share buybacks	(103)	103	(964)	–	–	–	–	–	(964)
Share issue costs	–	–	(138)	–	–	–	–	–	(138)
Total comprehensive income	–	–	–	–	–	1,867	917	360	3,144
Dividends paid	–	–	(4,182)	–	–	–	–	(270)	(4,452)
Unrealised now realised	–	–	(274)	–	–	274	–	–	–
Transfer between reserves	–	–	3,446	–	–	–	(3,446)	–	–
At 28 February 2015	**6,249**	**3,502**	**28,286**	**13,536**	**–**	**7,261**	**4,411**	**(189)**	**63,056**

The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. The distributable reserves are reduced by losses of £2,938,000 (2015: £2,938,000) which are included in the revaluation reserve. Reserves available for distribution therefore amount to £28,385,000 (2015: £29,570,000).

During the year the Company repurchased 849,635 shares (2015: 1,026,801) with a nominal value of £85,000 (2015: £103,000). All shares were subsequently cancelled.

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

STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2016

	Note	29 February 2016 Total £'000	28 February 2015 Total £'000
Fixed assets			
Investments	10	61,500	43,624
Current assets			
Debtors	11	440	280
Cash at bank and in hand		27,755	19,787
		28,195	20,067
Creditors: amounts falling due within one year	12	(3,163)	(635)
Net current assets		**25,032**	**19,432**
Total assets		**86,532**	**63,056**
Capital and reserves			
Called up share capital	13	6,547	6,249
Capital redemption reserve		3,587	3,502
Special reserve		24,457	28,286
Share premium		16,985	13,536
Share capital to be issued		20,576	–
Revaluation reserve		7,514	7,261
Capital reserve – realised		7,019	4,411
Revenue reserve		(153)	(189)
Equity shareholders' funds		**86,532**	**63,056**
Basic and diluted net asset value per share	14	**100.7p**	**100.9p**

The financial statements on pages 42 to 58 were approved and authorised for issue by the Board of Directors on 1 June 2016 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.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	Year ended 29 February 2016 Total £'000	Year ended 28 February 2015 Total £'000
Net cash used in operating activities	15	**(818)**	**(658)**
Cash flows from investing activities			
Purchase of investments		(21,604)	(18,121)
Disposal of investments		10,152	7,480
Net cash from investing activities		**(11,452)**	**(10,641)**
Cash flows from financing activities			
Proceeds from share issues		3,433	9,292
Share issue costs		(72)	(484)
Purchase of own shares		(824)	(890)
Share capital to be issued		20,576	–
Equity dividends paid		(2,875)	(4,006)
Net cash from financing		**20,238**	**3,912**
Increase/(decrease) in cash and cash equivalents	16	**7,968**	**(7,387)**

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

'Net cash used in operating activities' includes interest and dividends received of £1,016,000 and £30,000, respectively. No interest was paid during the period.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

1. ACCOUNTING POLICIES

Basis of accounting

The Company has prepared its financial statements under Financial Reporting Standard 102 ("FRS102") and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the "SORP") issued by the Association of Investment Companies ("AIC"), which was revised in November 2014.

This is the first period in which the financial statements have been prepared under FRS102, however, it has not been necessary to restate comparatives as the treatment previously applied aligns with the requirements of FRS102. As a result, there are no reconciling differences between the previous financial reporting framework and the current financial reporting framework and the comparative figures represent the position under both current and previous financial reporting frameworks.

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

The following accounting policies have been applied consistently throughout the period.

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 33.

Presentation of Income Statement

In order to better reflect the activities of an investment company and, in accordance with guidance issued by the 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 set out in Part 6 of the Income Tax Act 2007.

Investments

Investments, including equity and loan stock, are recognised at their trade date and measured at "fair value through profit or loss" due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, 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 International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") issued in December 2015, together with sections 11 and 12 of FRS102.

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

Key judgements and estimates

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

- investments are usually retained at cost for twelve months following investment, except where a company's performance against plan is significantly below the expectations on which the investment was made in which case a provision against cost is made as appropriate;
- where a company is in the early stage of development it will normally continue to be held at cost as the best estimate of fair value, reviewed for impairment on the basis described above;
- where a company is well established after an appropriate period, the investment may be valued by applying a suitable earnings or revenue multiple to that company's maintainable earnings or revenue. The multiple used is based on comparable listed companies or a sector but discounted to reflect factors such as the different sizes of the comparable businesses, different growth rates and the lack of marketability of unquoted shares;
- where a value is indicated by a material arms-length transaction by a third party in the shares of the company, the valuation will normally be based on this, reviewed for impairment as appropriate;
- where alternative methods of valuation, such as net assets of the business or the discounted cash flows arising from the business are more appropriate, then such methods may be used; and
- where repayment of the equity is not probable, redemption premiums will be recognised.

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. Methodologies are applied consistently from year to year except where a change results in a better estimate of fair value.

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.

All investee companies are held as part of an investment portfolio and measured at fair value. Therefore, it is not the policy for investee companies to be consolidated and any gains or losses arising from changes in fair value are included in the Income Statement for the period as a capital item.

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.

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.

Fair value

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. 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 a	Reflects financial instruments quoted in an active market.
Level b	Reflects financial instruments that have been valued based on prices of recent transactions for identical instruments.
Level c (i)	Reflects financial instruments that have been valued using valuation techniques with observable inputs.
Level c (ii)	Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

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. A provision is made for any fixed income not expected to be received.

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;
- 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; and
- performance incentive fees 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.

Share issue costs

Expenses in relation to share issues are deducted from the Special Reserve.

2. INCOME

	2016 £'000	2015 £'000
Income from investments		
Loan stock interest	960	725
Dividend income	30	38
	990	763
Other income		
Deposit interest	113	264
	1,103	1,027

The Directors consider that the Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers. All activities arise in the United Kingdom.

3. INVESTMENT MANAGEMENT FEES

	2016 £'000	2015 £'000
Investment management fees	1,318	1,239

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

	2016 £'000	2015 £'000
Performance incentive fees	2,564	59

Beringea LLP are entitled to receive performance incentive fees as described in the Strategic Report on pages 23 to 24.

5. OTHER EXPENSES

	2016 £'000	2015 £'000
Administration services	56	56
Directors' remuneration	105	90
Social security costs and irrecoverable VAT on Directors' remuneration	10	5
Trail commission	73	20
Auditor's remuneration for audit of the Company's annual accounts	23	17
Auditor's remuneration – non-audit services: tax compliance	3	2
Other expenses	145	187
	415	377

Included within other expenses is £5,000 (2015: £20,000) allocated to capital expenses in respect of expenses incurred in relation to 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 35.

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

		2016 £'000	2015 £'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	3,225	3,144
	Tax charge calculated on return on ordinary activities before taxation at the applicable rate of 20% (2015: 21%)	645	660
	Effects of:		
	UK dividend (income)	(6)	(8)
	Gain on investments	(1,284)	(796)
	Disallowable expenses	2	6
	Excess management fees on which deferred tax not recognised	643	138
		–	–

(c) **Excess management fees**

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £9,576,000 (2015: £6,241,000). The deferred tax asset of £1,915,000 (2015: £1,321,000:) would only be recovered were the Company to make sufficient taxable profits in the future. Given the Company is not expected to generate taxable income in excess of deductible expenses, no deferred tax asset has been recognised for the year ended 29 February 2016.

NOTES TO THE ACCOUNTS

CONTINUED

8. DIVIDENDS

		Year ended 29 February 2016			Year ended 28 February 2015		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends paid in the year							
2015 Final	2.5	328	1,308	1,636	–	–	–
2016 Interim	2.5	–	1,637	1,637			
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
		328	**2,945**	**3,273**	**270**	**4,182**	**4,452**
Proposed dividends							
2016 Final	4.0	295	3,639	3,934	–	–	–
2015 Final	2.5	–	–	–	312	1,250	1,562

9. BASIC AND DILUTED RETURN PER SHARE

	Year ended 29 February 2016	Year ended 28 February 2015
Revenue return per share based on:		
Net revenue after taxation (£'000)	364	360
Weighted average number of shares in issue	65,338,271	60,902,742
Pence per share	0.6	0.6
Capital return per share based on:		
Net capital gain for the financial year (£'000)	2,861	2,784
Weighted average number of shares in issue	65,338,271	60,902,742
Pence per share	4.4	4.6

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.

10. INVESTMENTS

"Fair value through profit or loss" assets

	Investments quoted on AIM £'000	Unquoted investments £'000	Total £'000
Opening cost at 1 March 2015	**1,594**	**35,818**	**37,412**
Unrealised gains at 1 March 2015	421	6,833	7,254
Realised losses on investments still held at 1 March 2015	(740)	(302)	(1,042)
Opening fair value at 1 March 2015	**1,275**	**42,349**	**43,624**
Movement in year:			
Purchases at cost	–	21,604	21,604
Sales – proceeds	(1,926)	(8,221)	(10,147)
– realised gains on sales	711	2,038	2,749
Unrealised (losses)/gains in the income statement	(28)	3,698	3,670
Closing fair value at 29 February 2016	**32**	**61,468**	**61,500**
Closing cost at 29 February 2016	**1,101**	**53,934**	**55,035**
Unrealised (losses)/gains at 29 February 2016	(329)	7,836	7,507
Realised losses on investments still held at 29 February 2016	(740)	(302)	(1,042)
Closing fair value at 29 February 2016	**32**	**61,468**	**61,500**

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
Monica Vinader Limited	Discounted revenue multiple	Price of recent investment	1,357
Watchfinder.co.uk Limited	Price of recent investment	Discounted revenue multiple	2,889
MEL Topco Limited (t/a Maplin)	Price of recent investment	Discounted earnings multiple	247
Blis Media Limited	Discounted revenue multiple	Price of recent investment	390
Skills Matter Limited	Cost of loan notes	Full provision	(382)
Matssoft Limited	Discounted earnings multiple	Discounted revenue multiple	(308)
Think Limited	Discounted earnings multiple	Discounted revenue multiple	(238)
Other investments			116
			4,071

An analysis of venture capital investments is set out in the review of the investments on pages 14 to 19. Note 17 includes an analysis of the fair value of the financial instruments.

NOTES TO THE ACCOUNTS

CONTINUED

11. DEBTORS

	2016 £'000	2015 £'000
Other debtors	129	13
Prepayments and accrued Income	311	267
	440	280

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Other social security costs	13	11
Accruals	3,150	624
	3,163	635

13. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Issued, allotted, called up and fully-paid:		
65,473,795 (2015: 62,491,991) Ordinary Shares of 10p each	6,547	6,249

During the year 3,425,418 Ordinary Shares were issued at average prices between 99.0p and 100.3p per Ordinary Share, with an aggregate nominal value of £342,542 pursuant to the offer for subscription dated 6 March 2015. The aggregate consideration for the Ordinary Shares was £3,432,950 which excluded share issue costs of £72,000.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 197,583 Ordinary Shares at 100.1p per Ordinary Share to subscribing Shareholders on 31 July 2015 and 208,437 Ordinary Shares at 96.4 p per Ordinary Share to subscribing Shareholders on 23 November 2015. In total, the aggregate consideration for the Ordinary Shares was £398,714.

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

During the year, the Company repurchased a further 849,635 Ordinary Shares for an aggregate consideration (net of costs) of £807,624 being an average price of 95.1p per Ordinary Share and which represented 1.4% of the Company's issued Ordinary Share capital at the start of the year and which had an aggregate nominal value of £84,964. These Ordinary Shares were subsequently cancelled. Costs relating to the Ordinary Share repurchases amounted to £4,000.

14. BASIC AND DILUTED NET ASSET VALUE PER SHARE

	Shares in Issue		2016		2015	
	2016	2015	Pence per share	Net asset value £'000	Pence per share	Net asset value £'000
Ordinary Shares	65,473,795	62,491,991	100.7	65,956	100.9p	63,056
Ordinary share capital to be issued				20,576		–
				86,532		63,056

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.

15. RECONCILIATION OF RETURN ON ORDINARY ACTIVITIES BEFORE TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Return on ordinary activities before taxation	3,225	3,144
Gain on investments	(6,419)	(3,792)
Foreign exchange movements	–	5
(Increase)/decrease in prepayments, accrued income and other debtors	(166)	22
Increase/(decrease) in accruals and other creditors	2,542	(37)
Net cash used in operating activities	(818)	(658)

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

	2016 £'000	2015 £'000
Beginning of year	19,787	27,174
Net cash inflow/(outflow)	7,968	(7,387)
End of year	27,755	19,787

17. 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; 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 Statement of Financial Position.

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.

NOTES TO THE ACCOUNTS

CONTINUED

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 29 February 2016, the AIM-quoted portfolio was valued at £32,000 (2015: £1,275,000).

The Company's sensitivity to fluctuations in the share prices of its AIM-quoted investments is summarised below. A 10% movement in the share price of all of the AIM-quoted stocks held by the Company would have an effect as follows:

10% movement in AIM-quoted stocks	Impact on net assets £'000	2016 Impact on NAV per share Pence	Impact on net assets £'000	2015 Impact on NAV per share Pence
AIM-quoted investments	3	0.0p	128	0.2p

At 29 February 2016, the unquoted portfolio was valued at £61,468,000 (2015: £42,349,000).

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	2016 Impact on NAV per share Pence	Impact on net assets £'000	2015 Impact on NAV per share Pence
Unquoted investments	6,147	9.4p	4,235	6.8p

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. Investments in loan stock 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 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	2016 £'000	2015 £'000
Fixed rate	7.28%	1,238 days	27,847	14,716
Floating rate	0.92%	9 days	28,604	20,636
No interest rate			30,197	27,702
			86,648	63,054

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 £286,000 (2015: £206,000). It is estimated that a decrease of 0.5% in interest rates would have decreased total return before taxation for the year by £143,000 (2015: £103,000).

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:

	2016 £'000	2015 £'000
Investments in loan stocks	28,696	15,565
Cash and cash equivalents	27,755	19,787
Interest, dividends and other receivables	299	254
	56,750	35,606

The Investment 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 mainly held by the Royal Bank of Scotland plc, rated BBB- and BBB+ by both Standard and Poor's and Fitch, respectively, and is 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 relative to cash balances (£3.2 million relative to cash balances of £27.8 million at 29 February 2016) and has no borrowings.

The Company always holds sufficient levels of funds as cash 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.

NOTES TO THE ACCOUNTS

CONTINUED

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.

The carrying value of loan stock investments (as opposed to the contractual cash flows) held at 29 February 2016, which is analysed by expected maturity date, is as follows:

As at 29 February 2016	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
Fully performing loan stock	2,418	2,346	5,450	17,329	–	27,543
Past due loan stock	–	1,153	–	–	–	1,153
	2,418	3,499	5,450	17,329	–	28,696
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

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.

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 a Reflects financial instruments quoted in an active market.
Level b Reflects financial instruments that have been valued based on prices of recent transactions for identical instruments.
Level c (i) Reflects financial instruments that have been valued using valuation techniques with observable inputs.
Level c (ii) Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

	2016					2015				
	Level a £'000	Level b £'000	Level c(i) £'000	Level c(ii) £'000	Total £'000	Level a £'000	Level b £'000	Level c(i) £'000	Level c(ii) £'000	Total £'000
AIM quoted	32	–	–	–	32	1,275	–	–	–	1,275
Loan notes	–	–	–	28,696	28,696	–	–	–	15,565	15,565
Unquoted equity	–	–	–	31,561	31,561	–	–	–	25,284	25,284
Preference shares		–	–	1,211	1,211	–	–	–	1,500	1,500
	32	–	–	61,468	61,500	1,275	–	–	42,349	43,624

Reconciliation of fair value for Level c(ii) financial instruments held at the year-end:

	Loan Notes £'000	Unquoted Equity and Preference Shares £'000	Total £'000
Balance at 28 February 2015	15,565	26,784	42,349
Movements in the Income Statement:			
Gains in the Income Statement	233	5,503	5,736
Purchases at cost	15,387	6,217	21,604
Sales proceeds	(2,489)	(5,732)	(8,221)
Balance at 29 February 2016	28,696	32,772	61,468

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.

Valuations are subject to fluctuations in market conditions and the sensitivity of the Company to such changes is shown on page 54.

18. CAPITAL MANAGEMENT

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report on pages 21 and 22, 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 changing the 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.

19 POST BALANCE SHEET EVENTS

Between 29 February 2016 and the date of this report, the Company issued 32,867,383 Ordinary Shares for an aggregate consideration of £33.8 million. Share issue costs thereon amount to £1.1 million.

The Company made one new and two significant follow on investments totalling £1,466,000.

In May 2016, the Company invested £880,000 in Thread Inc., a menswear e-commerce site which recommends styles and items based on an individual's tastes and preferences. The follow on investments comprised an investment of £400,000 into InContext Solutions and an investment into Big Data Partnership of £186,000.

Also in May 2016, the Company's loan with Speciality European Pharma was repaid in full. The Company received an aggregate amount of £2,022,000, which included all outstanding interest and capital, together with an exit fee of £59,000.

20 CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

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

21 CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

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

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's investment manager during the period. During the year ended 29 February 2016, £1,318,000 was payable to Beringea LLP in respect of these services (2015: £1,239,000). At the period end the Company owed Beringea LLP £322,000 (2015: £291,000).

As the Company's investment manager, Beringea LLP is also entitled to receive a performance incentive fee based on the Company's performance for each financial year to 28 February. The performance incentive fee arrangements are set out, in detail, on pages 23 to 24. For the year ended 29 February 2016, a performance incentive fee of £2,564,000 is payable (2015: £59,000). At the period end an amount of £2,554,000 was outstanding (2015: £65,000).

From 13 January 2015, Beringea LLP was appointed Administration Manager of the Company. Fees paid to Beringea in its capacity as Administration Manager for the year ended 29 February 2016 amount to £37,500 (2015: £nil) of which £14,000 remained outstanding at the year end (2015: £nil).

Beringea LLP also acted as promoter for the share offers during the period. The fees in the period amount to £72,000 (2015: £138,000) out of which it paid the costs of the offer including initial commissions. At the period end, the Company owed Beringea LLP £nil in respect of these services (2015: £nil).

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 Manager's website:

www.provenvcts.co.uk

Shareholders can also check details of their shareholdings using Capita Registrar's website at **www.capitashareportal.com**.

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 0371 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 prices can be found on various financial websites with the following TIDM/EPIC codes

TIDM/EPIC code	"PVN"
Latest share price (31 May 2016):	93.5p 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 subscribed for new shares in the Company in the 2011/2012 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

5 July 2016	Annual General Meeting
October 2016	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

Company number: **3911323**

Directors
Andrew Davison (Chairman)
Barry Dean
Malcolm Moss
Lorna Tilbian
all of
39 Earlham Street
London WC2H 9LT

Company secretary
Beringea LLP
39 Earlham Street
London WC2H 9LT

Investment manager
Beringea LLP
39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820
www.provenvcts.co.uk

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: 0371 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
Philip Hare & Associates LLP
Suite C – First Floor, 4-6 Staple Inn
London
WC1V 7QH

Corporate broker
Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Bankers
Royal Bank of Scotland
London Victoria Branch
119/121 Victoria Street
London SW1E 6RA

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 Dryden Suite, Kingsway Hall Hotel, 66 Great Queen Street, Covent Garden, London WC2B 5BX at 9.30 a.m. on Tuesday 5 July 2016 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 29 February 2016 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 34 of the Directors' Remuneration Report, for the year ended 29 February 2016.

3. To declare a final dividend of 4.0p per Ordinary Share in respect of the year ended 29 February 2016.

4. 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.

5. To re-elect as Director, Andrew Davison, who retires in accordance with Company policy and, being eligible, offers himself for re-election.

6. To re-elect as Director, Barry Dean, who retires in accordance with Company policy and, being eligible, offers himself for re-election.

7. To re-elect as Director, Malcolm Moss, who retires in accordance with Company policy and, being eligible, offers himself for re-election.

8. 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

9. 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 £7,375,587 (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

10. 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 9 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.

11. 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 14,741,341 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.

By order of the Board

Beringea LLP
Company Secretary
Registered Office
39 Earlham Street
London WC2H 9LT
1 June 2016

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 page 64 and 65 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 ProVen VCT plc, c/o 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 ProVen VCT plc, c/o 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 ProVen VCT plc, c/o 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 9.30 a.m. on 1 July 2016 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 9.30 a.m. on 1 July 2016 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 1 June 2016, the Company's issued share capital comprised 98,341,178 Ordinary Shares. The total number of voting rights in the Company were 98,341,178. 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.

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FORM OF PROXY – PROVEN VCT PLC

For use at the Annual General Meeting of the above-named Company to be held on 5 July 2016 in The Dryden Suite, Kingsway Hall Hotel, 66 Great Queen Street, Covent Garden, London WC2B 5BX at 9.30 a.m.

I/We* .... (BLOCK CAPITALS please)

of ....

being the holder(s)* of shares in the capital of the above-named Company, hereby appoint the Chairman of the meeting (see notes 1 and 2)

or ....

of ....

as my/our* proxy to attend for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held in The Dryden Suite, Kingsway Hall Hotel, 66 Great Queen Street, Covent Garden, London WC2B 5BX on 5 July 2016 or at any adjournment thereof.

I/We* desire to vote on the resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the resolutions are set out in the Notice of the Annual General Meeting.

ORDINARY BUSINESS	FOR	AGAINST	WITHHELD
1. To receive and adopt the Directors' Report and Account			
2. To approve the Directors' Remuneration Report.			
3. To declare the payment of a final dividend.			
4. To re-appoint the Auditor and authorise the Directors to determine their remuneration.			
5. To re-elect Andrew Davison as a Director.			
6. To re-elect Barry Dean as a Director.			
7. To re-elect Malcolm Moss as a Director.			
8. To re-elect Lorna Tilbian as a Director.			

SPECIAL BUSINESS

9. To authorise the Directors to allot shares.			
10. To authorise the Directors to disapply pre-emption rights.			
11. To authorise the Company to make market purchases of its shares.			

Dated this ____________________ day of ____________________ 2016

Signature(s)* ____________________ / ____________________

*Delete as appropriate

Notes and instructions:

1. Any member of the Company entitled to attend and vote at the Meeting 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 Meeting in order to represent his appointor. A member entitled to attend and vote at the 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.

2. Delete "the Chairman of the meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether, and if so how, he votes.

3. Any alterations to the Form of Proxy should be initialled.

4. To be valid, this 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 not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Meeting or adjourned meeting at which the person named in this 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, and be delivered at the meeting at which the demand is made.

5. In the case of a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised on that behalf.

6. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the register of members.

7. The completion and return of this Form of Proxy will not preclude you from attending and voting at the Annual General Meeting should you subsequently decide to do so. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.

8. 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.