



PROVEN VCT PLC

ANNUAL REPORT AND ACCOUNTS

For the year ended 28 February 2018



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FUND OVERVIEW

FINANCIAL SUMMARY

Ordinary Shares as at:	28 February 2018	28 February 2017
	Pence	Pence
Net asset value per share	99.7	106.3
Dividends paid since launch	36.0	26.5
Total return (net asset value plus dividends paid since launch)	135.7	132.8
Year on year change in:		
Net asset value per share (adjusted for dividends paid in the year)	2.7%	

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



CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report for ProVen VCT plc (the "Company") for the year ended 28 February 2018. The Company has continued to identify a number of attractive investment opportunities, investing a total of £8.0 million in the year. It has also been a strong year for realisations, with APM Healthcare, Dianomi, MatsSoft and Third Bridge all being fully realised.

RESULTS FOR THE YEAR

Predominately as a result of the dividends paid in the year, the Company's net asset value ("NAV") per share fell from 106.3p at 28 February 2017 to 99.7p at 28 February 2018. The 6.6p reduction comprised dividend payments of 9.5p, offset by 2.9p of uplift arising largely from positive valuation movements, resulting in an overall increase in Shareholder total return (NAV per share plus dividends) of 2.7%.

The total return on ordinary activities for the year was £2.9 million, or 3.0p per share (2017: £12.2 million, 12.7p per share), comprising a revenue loss of £585,000, or 0.6p per share, (2017: revenue return of £25,000, 0.0p per share) and a capital return of £3.5 million, or 3.6p per share (2017: £12.2 million, 12.7p per share).

DIVIDENDS

During the year ended 28 February 2018, the Company paid a final dividend of 2.5p per share in respect of the year ended 28 February 2017 on 14 July 2017. A special interim dividend of 7.0p per share was paid in respect of the year ended 28 February 2018 on 17 November 2017, following the successful realisations of APM Healthcare, MatsSoft and Third Bridge.

Your Board is proposing a final dividend for the year ended 28 February 2018 of 2.5p per share to be paid on 20 July 2018 to Shareholders on the register at 22 June 2018. With total tax-free dividends of 9.5p per share for the year ended 28 February 2018, your Board is pleased to report that the Company has been able to deliver a dividend yield of 8.9% on the opening NAV per share, which is comfortably above the target 5% yield.

PORTFOLIO ACTIVITY AND VALUATION

The Company invested £4.2 million in four new portfolio companies and £3.5 million in seven existing portfolio companies during the year. In addition, shares in Netcall plc with a value of £0.3 million were received as part of the Company's disposal of MatsSoft.

It was a strong year for disposals with the full disposals of APM Healthcare, MatsSoft and Third Bridge all completed during the year. Aggregate proceeds of £9.3 million were generated from these three sales, which represented a gain against cost of £6.9 million and which contributed to the Company paying a special interim dividend in November 2017. In addition to these three disposals, the Company

realised its holding in Dianomi in February 2018 at a multiple of over 3.3x cost and there were also loan repayments during the year from Monmouth Holdings, Celoxica, Conversity and Skills Matter.

Overall, the investment portfolio increased in value by £2.8 million (2017: £9.4 million), or 2.8p per share (2017: 9.8p per share). Continued strong performance of Watchfinder, Monica Vinader and Chargemaster contributed significantly to this uplift but there were also valuation uplifts for Think, Chess Technologies and My 1st Years. These gains were partially offset by reductions in valuation for Blis Media, Disposable Cubicle Curtains and Perfect Channel. In addition, Maplin was fully written down following the company entering administration in February 2018.

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

FUNDRAISING ACTIVITIES

In response to the continuing strong demand for VCT share issues, the Company launched a top-up offer on 20 October 2017, which raised gross proceeds of £3.8m, all of which were allotted during the year ended 28 February 2018.

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 60 of this report.

During the year, the Company purchased 1,842,278 shares at an average price of 95.4p per share and for an aggregate consideration (net of costs) of £1,758,290. This represented 1.9% of the Company's issued share capital at the start of the year. All 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 Company's performance incentive arrangements are an important aid for the Investment Manager in recruiting and retaining talented investment professionals against competition from other investment management companies. The performance fee structure is designed to align the interests of the Investment Manager with those of Shareholders and encourages capital growth as well as significant payments to Shareholders by means of tax-free dividends, as determined by the Directors. These arrangements are set out in more detail in the Strategic Report on pages 19 to 23.

Based on the NAV per share before any performance fee accrual at 28 February 2018 and cumulative dividends paid up to this date, a maximum performance fee of £2.4 million is payable in relation to certain fundraisings for which the performance hurdles have been achieved. However, the performance fee structure contains certain restrictions to ensure that the hurdles continue to be met after the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, a performance fee of £1.1 million is payable to Beringea at 28 February 2018. An accrual for this amount has been included within the accounts and is therefore reflected in the NAV per share.

The payment of a performance fee in future years and the amount thereof, if any, will be dependent on both the performance of the Company and the level of dividends paid to Shareholders, as determined by the Directors.

PROPOSED CHANGES TO THE INVESTMENT POLICY

A number of further changes to the VCT scheme in response to the consultation paper 'Financing growth in innovative firms' (the "Patient Capital Review") were announced as part of the Budget on 22 November 2017. These changes are aimed at ensuring that tax-advantaged schemes, such as VCTs, are focussed on long-term investments in higher risk companies that intend to grow and develop. The changes include increasing the proportion of funds raised that a VCT will need to invest in 'qualifying' companies, reducing the time to invest funds raised and removing the ability to take security for loans provided by the Company. Some of these changes came into effect from 15 March 2018, the date of Royal Assent of the Finance Act 2018, and others will take effect over the coming years.

Importantly, these changes will not affect the Company's overall objective of investing predominately in small and medium sized unquoted companies with excellent growth prospects and so the activities of the Company should be largely unaffected. However, in order to improve clarity for Shareholders, a further revision to the Company's investment policy is being recommended to align the investment policy with the revised rules. An Ordinary resolution to change the Company's investment policy to remove the ability to make secured loans will therefore be proposed at the forthcoming AGM and your Board is recommending that Shareholders approve this resolution.

BOARD

On 10 May 2018, the Company announced my retirement from the Board after this year's AGM and the intention to appoint Neal Ransome as Chairman. I am happy to be handing over to Neal at a time when the portfolio is well placed to deliver future returns to Shareholders. It has always been stimulating to serve on the Board of the Company and a privilege to work with my fellow Directors, the Investment Manager and the board of ProVen Growth and Income VCT, as well as meeting Shareholders.

Neal joined the Board in October 2017 and brings with him a great deal of knowledge and experience. Neal is a chartered accountant and was a former Partner at PwC, where he was Chief Operating Officer of PwC's Advisory business and led its Pharmaceutical and Healthcare Corporate Finance practice. Neal is also a director of Octopus AIM VCT plc and Polar Capital Global Healthcare Trust plc.

I, and the Board, believe that Neal's experience makes him the ideal Chairman to oversee the Company over the coming years.

ANNUAL GENERAL MEETING

The next AGM of the Company will be held in the Forest Room at The Hospital Club, 24 Endell Street, London, WC2H 9HQ at 9.30 a.m. on Wednesday 11 July 2018.

Six items of special business will be proposed at the AGM. There are two resolutions giving the Directors authority to allot shares and enable the Company to raise additional funds, if required, one resolution to amend the Company's investment policy and one resolution to allow the Company to continue to make share buy-backs. In addition, as discussed in the Directors' Report, there is also one resolution proposed to cancel the amount standing to the credit of the Company's share premium account and one resolution proposed to cancel the amount standing to the credit of the Company's capital redemption reserve.

The notice of AGM is at the end of this document.

SHAREHOLDER EVENT

The Company's annual shareholder event continues to be well received, providing Shareholders with an opportunity to meet with the Directors and members of the Investment Manager's team, as well as other Shareholders and portfolio companies. For your Board and Investment Manager it is an important opportunity to understand and discuss the views of the Company's Shareholders directly.

This year's event will take place on Tuesday 30 October 2018 at 10.00 a.m. at The Institution of Engineering and Technology, 2 Savoy Place, London, WC2R 0BL.

A formal invitation will be sent in due course and I would very much encourage Shareholders to attend.

CHAIRMAN'S STATEMENT

CONTINUED

OUTLOOK

The Company has been able to take advantage of the strong level of merger and acquisition activity as well as a period of high prices, with the disposals of APM Healthcare, MatsSoft and Third Bridge all achieving valuations which resulted in significant gains for the Company. There are also a number of other companies in the portfolio that are nearing an exit, which could result in further excellent realised gains for the Company in the coming year.

The changes to the VCT rules arising from the Patient Capital Review place further restrictions and requirements on the Company, however, as with the previous changes introduced over recent years, I believe the Company is well placed to deal with these effectively.

During the year, the Company's portfolio has started to be impacted by negative trends in certain sectors such as retail and ad-tech and there remains a risk of a wider economic downturn in 2018. In addition, the nature of the UK's withdrawal from the EU is still to be finalised and with less than a year until the official departure date, there remains a risk that the final deal agreed with the EU will adversely impact the Company's portfolio companies.

Nevertheless, I remain confident in the overall strength of the Company's portfolio, which is well diversified across over 40 portfolio companies in a range of sectors. I therefore feel confident that I leave the Company in a good position and wish the Shareholders, Directors and the Company a profitable future.

Andrew Davison

Chairman

5 June 2018

INVESTMENT MANAGER'S REVIEW

INTRODUCTION

We have pleasure in presenting our annual review for the year ended 28 February 2018. During the year, a total of £4.2 million was invested in four new portfolio companies and £3.5 million in seven existing portfolio companies. In addition, shares in Netcall plc with an aggregate value of £0.3 million were received as part of the Company's disposal of MatsSoft.

The year also saw a number of disposals resulting in aggregate realisation proceeds of £12.6 million and realised gains against initial cost of £7.1 million.

At 28 February 2018, the Company's venture capital portfolio comprised over 40 investments at a cost of £59.5 million and a valuation of £73.8 million, an overall uplift of 24.0% on cost.

The net cash outflow for the year before fund raising was £8.2 million. The Company's cash balances were, however, partly replenished by net funds raised of £3.6 million. After the significant fundraisings undertaken in recent years, the Company continues to remain well capitalised to take advantage of new investment opportunities.

INVESTMENT ACTIVITY

New investments

We continued to experience a strong level of deal flow, with £4.2 million being invested during the year in four new portfolio companies.

The largest new investment for the Company was the investment in MPB (£1.8 million), which was completed just ahead of the Company's year-end in February 2018. MPB is an online marketplace for second hand cameras and lenses, with a presence in both the UK and US. Shortly after the Company's investment, MPB was named in the Tech City's Future Fifty programme for 2018, which comprises 50 of the fastest growing companies in the technology sector.

The Company's initial investment in Smart Assistant (£1.0 million), a provider of interactive guided selling software that assists the online buying process, was discussed in the Company's half-yearly report. A further investment of £0.3 million, agreed as part of the initial closing, was completed in December 2017.

Other new investments were made in Been There Done That, a provider of a tech-enabled platform that develops brand media strategies (£553,000), and DeepCrawl, a leading web crawler and search marketing analytics company (£488,000).

Follow-on investments

The Company has also been active in supporting the development of existing portfolio companies, making follow-on investments in seven companies during the year.

The largest of the follow-on investments was in Thread (£1.2 million), with the investment being used to enable the company to continue its

growth in the UK as well as funding an initial expansion to the US. This brings the Company's total investment in Thread to £2.6 million.

In May 2017, the Company invested £1.1 million in POQ. POQ has grown steadily since the Company's initial investment and the further investment is being used to expand the company's sales and marketing team and further develop the company's technology.

Further follow-on investments were made in HoneyComb.TV (£405,000), InContext (£387,000), Disposable Cubicle Curtains (£170,000), Perfect Channel (£150,000) and ContactEngine (£112,000).

Investment disposals

The Company achieved a number of successful realisations during the year with the full disposals of APM Healthcare, Dianomi, MatsSoft and Third Bridge generating a combined realised gain of £7.1 million on the original investment cost.

In July 2017, APM Healthcare's UK network of 18 pharmacies was acquired by Day Lewis Group, one of the largest independent pharmacy chains in the UK and Europe. The Company first invested in APM Healthcare in 2011 to support the company's expansion of its pharmacy network. Over the investment holding period, APM Healthcare delivered a total return, including loan stock interest, of 3x the initial investment cost.

Third Bridge, initially funded by the Company in 2012, was one of the Company's strongest performing companies over recent years, having been included in the Sunday Times Fast Track 100 in both 2016 and 2017. In August 2017, IK Investment Partners, a pan-European private equity company, acquired a minority stake in Third Bridge, allowing the Company to realise its investment in full at multiple of over 5.7x cost and an annual rate of return of 46%.

In August 2017, MatsSoft was acquired by AIM-listed Netcall plc. The Company received cash proceeds of £2.2 million as well as shares in Netcall valued at £0.3 million. This resulted in a realised gain against cost of £1.4 million, or 2.4x cost. There is a potential future earn-out based on Netcall's share price over the next two years.

In February 2018, the Company realised its investment in Dianomi at a multiple of over 3.3x cost, as part of a transaction led by the Business Growth Fund.

During the year, the Company's remaining debt finance investment, Celoxica, was repaid in full. Over the holding period this investment has generated an attractive income stream in a low interest rate environment. Loan repayments were also received from Monmouth Holdings (£2.5 million), Skills Matter (£143,000) and Conversity (£94,000).

INVESTMENT MANAGER'S REVIEW

CONTINUED

Key developments at existing portfolio companies

Watchfinder.co.uk continues to perform well, maintaining its strong growth trajectory which has seen the company grow its revenues by at least 40% per annum each year since the Company's initial investment. The valuation of the Company's investment in Watchfinder increased by a further £1.9 million over the course of the year and at the year-end represents an unrealised uplift of 3.9x the investment cost.

Chargemaster has benefited from the wider growth in the electric vehicle market as the Government announced plans to ban the sale of new diesel and petrol cars by 2040. The company has continued its expansion of the Polar Network, which allows members to charge their electric vehicles at charge points across the UK, and now has over 6,000 public charging points. Over the course of the year, the valuation of the Company's investment increased by £2.5 million.

Chess Technologies also had a strong year, increasing revenues by over 100% in 2017 predominately as a result of an increasing number of international orders. During the year, the valuation of the Company's investment increased by £2.2 million and it is now valued at 4.1x cost.

There have been some downward movements in the valuations in the portfolio, with valuation decreases for Blis Media, which was adversely impacted by the declining trend in advertising spend and Perfect Channel, due to a delay in converting a strong prospect pipeline into orders.

In addition, impacted by a depreciation in Sterling against the Euro as well as challenging market conditions on the high street, Maplin entered administration in February 2018. Over the course of the year, the valuation of the Company's investment decreased by £2.3 million, however, the investment had already been significantly reduced over the course of the year, so the full provision which was made when Maplin entered administration had minimal impact on the most recently announced net asset value of the Company.

Overall, the investment portfolio showed an increase in value of £2.8 million (2017: £9.4 million), or 2.8p per share (2017: 9.8p per share). Further detail on the investments is provided in the Investment Portfolio on pages 11 and 12 and Review of Investments on pages 13 to 17.

POST YEAR-END DEVELOPMENTS

The Company made one new investment and three follow on investments after the year end totalling £7.5 million.

There were further investments in My 1st Years (£2.6 million) POQ Studio (£902,000) and Perfect Channel (£368,000).

In May 2018, the Company invested £3.6 million in Mycs, a Berlin based online retailer for customisable furniture. The investment will be used to expand the company's presence in Europe.

The Company realised its investments in Charterhouse Leisure and Conversity in May 2018. Both of these investments had been substantially written down at the year-end and the realisations completed at amounts slightly above their respective carrying values at 28 February 2018.

On 1 June 2018, Richemont Holdings UK Limited, a subsidiary of the Swiss luxury group Compagnie Financière Richemont SA, agreed to acquire 100% of the share capital of Watchfinder. The transaction is subject to legal and regulatory approval and is expected to close in the summer of 2018.

OUTLOOK

We continue to see a strong flow of interesting new investment opportunities, however, increased competition for deals means that we are still seeing inflated valuation expectations. We remain disciplined in our investment approach and have rejected a number of potential investments that we considered were overpriced.

The changes in VCT rules announced in November 2017 place further restrictions and requirements on the Company, however, as with earlier changes announced in 2015 and 2016, we believe that the Company is as well placed to deal with these as any of its competitors. We continue to be an active participant in the VCT Association, which maintains an open dialogue with HM Treasury in demonstrating the ongoing advantages of the VCT scheme. We are now hopeful of a period of regulatory stability to allow us to focus on achieving the Company's core objective of supporting growing UK companies in achieving their potential.

The existing portfolio continues to perform well, with several of the more recent investments such as My 1st Years and POQ making strong progress. There are also a number of new investments in the pipeline that we hope to complete over the coming months. The indications are that the strong exit environment from 2017/18 has continued into 2018/19 and there are several companies that could be realised during the year ending 28 February 2019, providing the opportunity to crystallise the unrealised valuation appreciation recognised on some of these investments.

Overall, therefore, we are optimistic about the prospects of the Company for the coming year.

Beringea LLP

5 June 2018

INVESTMENT ACTIVITY

Investment activity during the year is summarised as follows:

Additions	Cost £'000
MPB Group Limited	1,842
Smart Information Systems GmbH (t/a Smart Assistant)	1,309
Thread, Inc.	1,169
Poq Studio Limited	1,125
Been There Done That Global Limited	553
Written Byte Limited (t/a Deepcrawl)	488
Honeycomb.TV Limited	405
InContext Solutions, Inc.	387
Netcall plc*	287
Disposable Cubicle Curtains Limited	170
Perfect Channel Limited	150
ContactEngine Limited	112
Total	7,997

* MatsSoft Limited was disposed of during the period. As part of the disposal, the Company received shares in Netcall plc valued at £287,000 on the date of the disposal. The Netcall plc shares are shown as an addition in the table above and as a disposal, as part of the MatsSoft Limited disposal proceeds, in the table on page 10.

INVESTMENT ACTIVITY

CONTINUED

Disposals	Cost £'000	Market value at 01/03/17 £'000	Disposal proceeds £'000	Realised gain against cost £'000	Realised gain during the year £'000
Third Bridge Group Limited	949	3,767	5,459	4,510	1,692
Monmouth Holdings Limited** †	2,500	2,500	2,500	–	–
MatsSoft Limited*	1,010	1,474	2,454	1,444	980
APM Healthcare Limited	500	986	1,401	901	415
Dianomi Limited	105	213	352	247	139
Skills Matter Limited** †	143	143	143	–	–
Celoxica Limited**	118	118	118	–	–
Conversity Limited** †	86	–	94	8	94
MyOptique Group Limited	–	–	34	34	34
Isango! Limited	–	–	5	5	5
Total	5,411	9,201	12,560	7,149	3,359

† Partial disposal

* MatsSoft Limited was disposed of during the period. As part of the disposal, the Company received shares in Netcall plc valued at £287,000 on the date of the disposal. The Netcall plc shares are shown as an addition in the table on page 9 and as a disposal, as part of the MatsSoft Limited disposal proceeds, in the table above.

** Loan note repayment

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

INVESTMENT PORTFOLIO

AS AT 28 FEBRUARY 2018

The following investments were held at 28 February 2018:

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Watchfinder.co.uk Limited	2,629	10,228	1,853	10.0%
Chargemaster plc **	2,421	5,604	2,459	5.5%
Think Limited **	2,757	5,367	1,628	5.2%
Monica Vinader Limited **	534	4,689	1,010	4.6%
Poq Studio Limited	2,250	4,500	2,250	4.4%
Chess Technologies Limited	1,045	4,236	2,197	4.1%
Infinity Reliance Limited (t/a My 1st Years) *	2,155	3,974	1,819	3.9%
Rapid Charge Grid Limited	4,200	3,763	(84)	3.7%
Litchfield Media Limited *	3,580	3,479	90	3.4%
Thread, Inc.	2,646	2,804	157	2.7%
Whistle Sports, Inc.	2,090	2,324	234	2.3%
Cogora Group Limited	2,643	2,293	(678)	2.2%
InContext Solutions, Inc. **	2,363	2,171	244	2.2%
MPB Group Limited	1,842	1,842	–	1.8%
Response Tap Limited **	1,060	1,577	517	1.5%
Disposable Cubicle Curtains Limited	2,201	1,576	(1,218)	1.5%
Blis Media Limited **	841	1,471	(2,073)	1.4%
Donatantonio Group Limited	1,078	1,406	(520)	1.4%
Smart Information Systems GmbH (t/a Smart Assistant)	1,309	1,309	–	1.3%
Monmouth Holdings Limited * †	1,500	1,309	–	1.3%
ContactEngine Limited	562	1,175	613	1.1%
Honeycomb.TV Limited	900	900	–	0.9%
D30 Holdings Ltd **	956	804	42	0.8%
Firefly Learning Limited	758	758	–	0.7%
Sealskinz Holdings Limited **	834	727	(127)	0.7%
Perfect Channel Limited	3,159	562	(4,248)	0.5%
Been There Done That Global Limited	553	553	–	0.5%
SPC International Limited *	58	530	39	0.5%
Written Byte Ltd (t/a DeepCrawl)	488	488	–	0.5%
Simplestream Limited **	191	358	88	0.3%
TVPlayer Limited	230	292	(7)	0.3%

INVESTMENT PORTFOLIO

CONTINUED

Venture capital investments (by value)	Cost £'000	Valuation £'000	Valuation movement in year £'000	% of portfolio by value
Netcall plc	287	213	(74)	0.2%
Senselogix Limited	986	186	41	0.2%
Inskin Media Limited	365	183	(183)	0.2%
	51,471	73,651	6,069	71.8%
Other venture capital investments	8,051	189	(3,241)	0.2%
Total venture capital investments	59,522	73,840	2,828	72.0%
Cash at bank and in hand		28,671		28.0%
Total investments		102,511		

Other venture capital investments at 28 February 2018 comprise:

7Digital Group plc**, Buckingham Gate Financial Services Limited, Charterhouse Leisure Limited**, Conversy Limited, Lantum Limited (formerly Network Locum Limited), Macklin Holdings Limited*†, MEL Topco Limited (t/a Maplin Electronics)*, Skills Matter Limited**, Steribottle Global Limited*, Utility Exchange Online Limited (t/a SwitchmyBusiness.com) 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 and Netcall plc which are quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exception of Macklin Holdings Limited, 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., Whistle Sports, Inc. and Thread, Inc., which are Delaware registered corporations in the United States of America and Smart Information Systems GmbH, which is registered in Austria.

REVIEW OF INVESTMENTS

AS AT 28 FEBRUARY 2018

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 largest pre-owned luxury watch retailer allowing customers to buy, sell, exchange and service their luxury watches including Rolex, Omega and Cartier.

WATCHFINDER
WF&Co.

Cost:	£2,629,000	Valuation method:	Discounted earnings multiple
<i>Investment comprises:</i>		Valuation at 28/02/18:	£10,228,000
Ordinary shares:	£2,629,000	Valuation at 28/02/17:	£8,375,000
Audited accounts:	31/03/17	31/03/16	
Turnover:	£86.7m	£60.8m	Dividend income: £–
Profit before tax:	£5.3m	£3.1m	Loan note income: n/a
Net assets:	£12.2m	£8.0m	Proportion of equity held: Not disclosed
			Diluted equity: Not disclosed

CHARGEMASTER PLC
www.chargemasterplc.com

Chargemaster is a UK provider of electric vehicle charging infrastructure, offering a comprehensive, flexible and practical range of electric vehicle charging solutions for vehicle owners, businesses and councils.

 **chargemaster**
powering the future

Cost:	£2,421,000	Valuation method:	Price of recent transaction
<i>Investment comprises:</i>		Valuation at 28/02/18:	£5,604,000
Ordinary shares:	£2,421,000	Valuation at 28/02/17:	£3,145,000
Audited accounts:	31/12/16	31/12/15	
Turnover:	£11.9m	£13.2m	Dividend income: £–
(Loss)/profit before tax:	(£2.2m)	£0.3m	Loan note income: n/a
Net assets:	£14.2m	£16.0m	Proportion of equity held: 8.5%
			Diluted equity: 8.5%

THINK LIMITED
www.think.eu/

Think is an award-winning digital agency that works with world-leading brands such as Vue, Butlins, Warner Bros, New Look and Atom Bank.

TH_NK

Cost:	£2,757,000	Valuation method:	Discounted earnings multiple
<i>Investment comprises:</i>		Valuation at 28/02/18:	£5,367,000
Ordinary shares:	£1,452,000	Valuation at 28/02/17:	£3,739,000
Loan Stock:	£1,305,000		
Audited accounts:	31/10/16	31/10/15	
Turnover:	Not available	Not available	Dividend income: £–
Loss before tax:	Not available	Not available	Loan note income: £85,000
Net assets:	£1.7m	£0.8m	Proportion of equity held: 44.2%
			Diluted equity: 44.2%

REVIEW OF INVESTMENTS

CONTINUED

MONICA VINADER LIMITED www.monicavinader.com

Monica Vinader is a British luxury jewellery brand. Designer Monica Vinader began producing jewellery in 2002 and commercialised the brand in 2007. The brand is now regularly featured in glossy magazines such as Vogue, Harpers and Grazia and boasts a celebrity following including Kate Winslet, Rita Ora, Elle Macpherson and Keira Knightley.



Cost:	£534,000	Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>		Valuation at 28/02/18:	£4,689,000
Ordinary Shares:	£534,000	Valuation at 28/02/17:	£3,679,000
Audited/unaudited accounts:	31/07/17	31/07/16	
Turnover:	£35.8m	£26.4m	Dividend income: £–
Profit before tax:	£0.7m	£0.2m	Loan note income: n/a
Net assets:	£9.4m	£8.9m	Proportion of equity held: 6.2%
			Diluted equity: 6.2%

POQ STUDIO LIMITED www.poqcommerce.com

POQ is a platform provider for mobile e-commerce apps used by major fashion retailers.



Cost:	£2,250,000	Valuation method:	Price of recent transaction
<i>Investment comprises:</i>		Valuation at 28/02/18:	£4,500,000
Ordinary shares:	£2,250,000	Valuation at 28/02/17:	£1,125,000
Unaudited accounts:	31/12/17	31/12/16	
Turnover:	Not available	Not available	Dividend income: £–
Profit before tax:	Not available	Not available	Loan note income: n/a
Net assets/(liabilities):	(£0.5m)	£0.6m	Proportion of equity held: 17.9%
			Diluted equity: 17.9%

Chess Technologies Limited www.chess-dynamics.com

Chess is a developer of sophisticated optical surveillance, communications and stabilised radar platforms and systems for land, maritime and airborne applications. The company's systems are ideally suited for tasks like search and rescue operations, protection of naval vessels, critical national infrastructure, military bases and vehicles.



Cost:	£1,045,000	Valuation method:	Discounted earnings multiple
<i>Investment comprises:</i>		Valuation at 28/02/18:	£4,236,000
Ordinary Shares:	£545,000	Valuation at 28/02/17:	£2,039,000
Loan Notes:	£500,000		
Audited accounts:	30/04/17	30/04/16	
Turnover:	£16.5m	£8.2m	Dividend income: £–
Profit/(loss) before tax:	£1.4m	(£0.9m)	Loan note income: £41,000
Net assets:	£5.8m	£4.3m	Proportion of equity held: 13.3%
			Diluted equity: 13.3%

**INFINITY RELIANCE LIMITED
(T/A MY FIRST YEARS)**
www.my1styears.com

My 1st Years

MADE WITH LOVE

My 1st Years is an e-commerce site for personalised items for babies and children, with products from their Royal Range having been worn by Prince George.

Cost:	£2,155,000		Valuation method:	Discounted revenue multiple
<i>Investment comprises:</i>			Valuation at 28/02/18:	£3,974,000
Ordinary Shares:	£2,155,000		Valuation at 28/02/17:	£2,155,000
Unaudited accounts:	31/12/16	31/12/15	Dividend income:	£–
Turnover:	Not available	Not available	Loan note income:	n/a
Profit/(loss) before tax:	Not available	Not available	Proportion of equity held:	9.9%
Net assets/(liabilities):	£5.1m	(£0.3m)	Diluted equity:	9.9%

RAPID CHARGE GRID LIMITED

Rapid Charge Grid Limited is an owner of electric vehicle charging points.

Rapid Charge Grid

Cost:	£4,200,000		Valuation method:	Net asset value
<i>Investment comprises:</i>			Valuation at 28/02/18:	£3,763,000
Ordinary shares:	£1,050,000		Valuation at 28/02/17:	£3,847,000
Loan stock:	£3,150,000		Dividend income:	£–
Unaudited accounts:	30/11/16	30/11/15	Loan note income:	£–
Turnover:	Not available	Not available	Proportion of equity held:	25.5%
Profit before tax:	Not available	Not available	Diluted equity:	25.5%
Net assets:	£1.7m	£2.0m		

LITCHFIELD MEDIA LIMITED

Litchfield Media is a company that seeks to take advantage of investment opportunities across a range of sectors.

Litchfield Media

Cost:	£3,580,000		Valuation method:	Net asset value
<i>Investment comprises:</i>			Valuation at 28/02/18:	£3,479,000
Ordinary shares:	£358,000		Valuation at 28/02/17:	£3,389,000
Loan stock:	£3,222,000		Dividend income:	£–
Unaudited accounts:	30/11/16		Loan note income:	£–
Turnover:	Not available		Proportion of equity held:	35.1%
Profit before tax:	Not available		Diluted equity:	35.1%
Net assets:	£0.3m			

REVIEW OF INVESTMENTS

CONTINUED

THREAD, INC.
www.thread.com



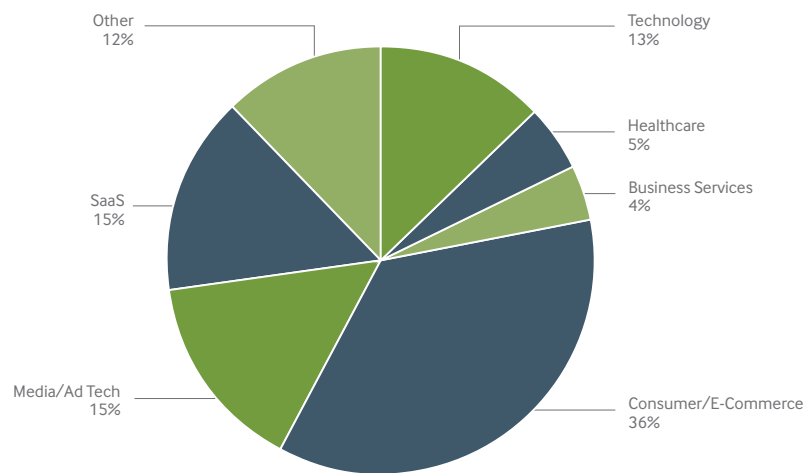
Thread is a menswear e-commerce site which recommends styles and items based on an individual's tastes and preferences.

Cost:		£2,646,000	Valuation method:	Price of recent transaction
<i>Investment comprises:</i>			Valuation at 28/02/18:	£2,804,000
Ordinary shares:		£2,646,000	Valuation at 28/02/17:	£1,477,000
Unaudited accounts:	31/12/16	31/12/15	Dividend income:	£–
Turnover:	Not available	Not available	Loan note income:	n/a
Profit before tax:	Not available	Not available	Proportion of equity held:	5.8%
Net assets:	Not available	Not available	Diluted equity:	5.8%

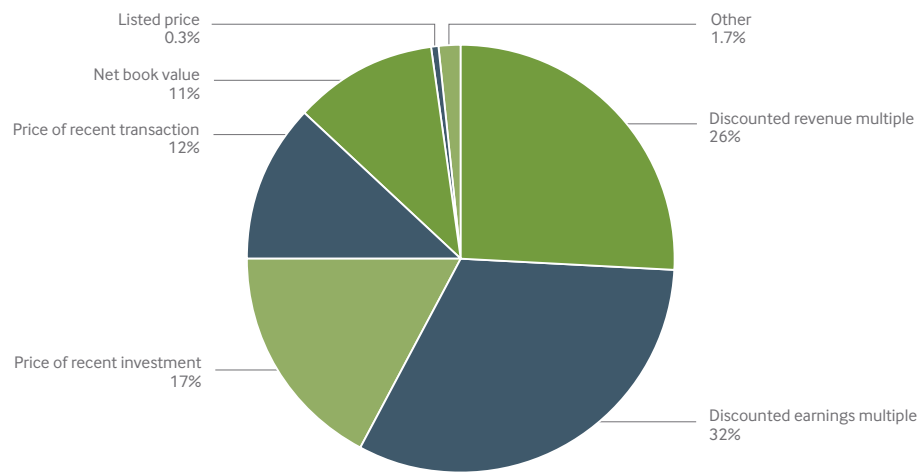
ANALYSIS OF INVESTMENTS BY COMMERCIAL SECTOR

An analysis of the portfolio by sector and valuation methodology (based on valuation) is set out below:

PORTFOLIO BY SECTOR



PORTFOLIO BY VALUATION METHODOLOGY



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.

NEAL RANSOME



Neal was formerly a corporate finance partner of PwC with extensive experience as a lead adviser on M&A activity in the pharmaceuticals and healthcare sectors. Neal is currently a non-executive director and chairman of the audit committee of Octopus AIM VCT Plc, a non-executive director of Polar Capital Global Healthcare Trust plc and a trustee and council member of the RSPB.



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 Draper Esprit VCT plc.

MALCOLM MOSS



Malcolm is a Senior Managing Director of Beringea LLC and a founder of Beringea LLP. Over the last 26 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 was formerly an Executive Director of Numis Corporation plc and a Director of WestLb Panmure Limited and S G Warburg Securities. She is a non-executive Director of Euromoney Institutional Investor plc, Finsbury Growth and Income Trust plc, Jupiter UK Growth Investment Trust, M&C Saatchi plc and Rightmove plc.

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

STRATEGIC REPORT

The Directors present the Strategic Report for the year ended 28 February 2018. 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 investment 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 permitted for liquidity management purposes

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 28 February 2018 is subject to review should there be any subsequent enquiry under corporation tax self-assessment.

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.

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 has outsourced the portfolio management and administration duties.

BUSINESS REVIEW AND DEVELOPMENTS

The Company began the year with £72.2 million of venture capital investments and ended with £73.8 million spread over a portfolio of 45 companies. 37 of these investments with a value of £64.8 million were VCT qualifying (or part qualifying).

The profit on ordinary activities after taxation for the year was £2.9 million, comprising a revenue loss of £0.6 million and a capital profit of £3.5 million. The Ongoing Charges ratio (excluding performance fees and recoverable VAT) in respect of the year ended 28 February 2018, based on average net assets during the year, was 2.6% (2017: 2.5%).

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 Board is recommending a revised Investment Policy to Shareholders to take account of the new VCT rules introduced by the Finance Act 2018. The text of the proposed wording is shown below. An explanation of the changes is set out in the Chairman's Statement and the text of the existing Investment Policy is set out on page 59 for comparison. The Listing Rules of the UK Listing Authority require the changes to be approved by Shareholders and an Ordinary Resolution to approve the changes will be proposed at the forthcoming Annual General Meeting.

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; 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, but not in start-ups or management buy-outs or businesses seeking to use funding to acquire other businesses. Investments are spread across a range of different sectors.

STRATEGIC REPORT

CONTINUED

Other investments

Funds not invested in qualifying investments may be invested in non-qualifying investments permitted for liquidity management purposes, which include cash, alternative investment funds ("AIFs") and UCITS which may be redeemed on no more than 7 days' notice, or ordinary shares or securities in a company that are acquired on a regulated market.

Borrowings

It is not the Company's intention to have any borrowings. The Company, does, however, have the ability to borrow a maximum amount equal to the nominal capital of the Company and its distributable and undistributable reserves.

Maximum exposures

No investment will constitute more than 15% of the Company's portfolio by value at the time of investment.

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 28 February 2018 and for the year then ended is summarised as follows:

- | | |
|---|----------|
| i) The Company holds at least 70 per cent. of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007) | Complied |
| ii) At least 30 per cent. (70 per cent. in the case of funds raised after 5 April 2011) of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible shares" generally being ordinary share capital) | Complied |
| iii) At least 10 per cent. of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment) | Complied |
| iv) No investment in a company constitutes more than 15 per cent. of the Company's portfolio (by value at time of investment) | Complied |
| v) The Company's income for each financial year is derived wholly or mainly from shares and securities | Complied |
| vi) The Company distributes sufficient revenue dividends to ensure that not more than 15 per cent. of the income from shares and securities in any one year is retained | Complied |
| vii) The Company has not made a prohibited payment to Shareholders derived from an issue of shares since 6 April 2014 | Complied |
| viii) No investment made by the Company causes an investee company to receive more than the permitted investment from State Aid sources (including from VCTs) | Complied |
| ix) Since 18 November 2015, the Company has not made an investment in a company which exceeds the maximum permitted age requirement | Complied |
| x) The funds invested by the Company in another company since 18 November 2015 have not been used to make a prohibited acquisition | Complied |
| xi) Since 6 April 2016, the Company has not made a prohibited non-qualifying investment. | Complied |

BORROWINGS

The Company has the ability to borrow a maximum amount equal to the nominal capital of the Company and its distributable and undistributable reserves, which, at 28 February 2018, was equal to £101.5 million (2017: £104.7 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 total fees relating to this service amounted to £3,137,000 (2017: £2,420,000), comprising a management fee of £2,013,000 (2017: £1,994,000) and performance incentive fees as described below of £1,124,000 (2017: £426,000). At the year-end, an amount of £1,279,000 (2017: £918,000) was outstanding.

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.

Throughout the year ended 28 February 2018 Beringea also provided administration services to the Company. In the year, total administration fees amount to £59,000 (2017: £57,000). An amount of £15,000 (2017: £14,000) remained outstanding 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 £256,000 (2017: £278,000) and monitoring fees of £675,000 (2017: £700,000). 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

As reported in last year’s Annual Report, the Company’s performance incentive arrangements were amended such that from the year ended 28 February 2017, the performance targets and restrictions approved by Shareholders in 2012 and originally applied to the Ordinary Shares as a whole are now applied to each major fundraising (a “Respective Offer”).

Under the performance fee arrangements, the Investment Manager is entitled to receive a performance incentive fee in relation to each Respective Offer if, at the end of a financial year, the relevant Respective Offer Performance Value exceeds the relevant Respective Offer Hurdle. In this event the performance incentive fee per Respective Offer Share will be equal to 20 per cent of the amount by which each such Respective Offer Performance Value exceeds the relevant Respective Offer Initial Net Asset Value per Share, less the aggregate amount of any performance incentive fee per Respective Offer Share already paid in respect of that Respective Offer in relation to previous financial years starting after 29 February 2012 (which shall not include Residual PIF).

The Respective Offer Performance Value in respect of the relevant financial year end is the sum of (i) the audited net asset value per Ordinary Share or Equivalent Ordinary Share for a Respective Offer at that date, (ii) Respective Offer Cumulative Dividends, (iii) all performance fees per Ordinary Share or Equivalent Ordinary Share paid by the shareholders of the Respective Offer in relation to financial years starting after 29 February 2012, and (iv) any Residual PIF Adjustment where relating to that Respective Offer (whether relating to that or any previous financial year).

If at the end of a financial year, the relevant Respective Offer Performance Value is less than or equal to the Respective Offer Hurdle, no performance fee will be payable on such Respective Offers in respect of that financial year.

The performance fee per Respective Offer Share payable for a financial year will be reduced, if necessary, to ensure that i) the cumulative performance fee per Respective Offer Share payable to the Investment Manager in respect of a Respective Offer does not exceed 20 per cent. of the relevant Respective Offer Cumulative Dividends; and ii) the audited net asset value per Ordinary Share or Equivalent Ordinary Share at the relevant financial year end plus the relevant Respective Offer Cumulative Dividends plus any Residual PIF Adjustment relating to that Respective Offer is at least equal to the relevant Respective Offer Hurdle.

Performance fees for the year ended 28 February 2018 amounted to £1,124,000 (2017: £426,000), of which £1,124,000 (2017: £426,000) was outstanding at the year-end.

STRATEGIC REPORT

CONTINUED

DIRECTORS AND SENIOR MANAGEMENT

The Company had five non-executive Directors at the year end, four 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 28 February 2018 is on page 3. The dividends per share are set out in Note 8 on page 50.

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, also faces a number of non-financial principal 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 2021. It is not considered appropriate or meaningful to look forward for a period of more than three years.

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 VCT rules, these factors cannot mitigate the risk that insufficient qualifying investments are identified to ensure ongoing compliance with the VCT rules.

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 2021, 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 2021.

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. No changes are being proposed to the Directors' remuneration policy, which is set out on page 32, however, as the policy was last approved at the Annual General Meeting of the Company on 22 July 2015, an ordinary resolution will be proposed at the Company's Annual General Meeting to approve the Directors' remuneration policy. The Notice of Annual General Meeting is set out on pages 63 to 66 of this document.

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 or with a presence in the United Kingdom with a view to 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: 3911323

39 Earlham Street
London WC2H 9LT
5 June 2018

DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 28 February 2018.

The Directors consider that the Company was not, at any time, up to the date of this report, a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

RESULTS AND DIVIDENDS

	£'000	Pence per share
Return on ordinary activities after tax for the year ended 28 February 2018:	2,940	3.0p

During the year ended 28 February 2018, the Company paid a final dividend of 2.5p per Ordinary Share in respect of the year ended 28 February 2017 on 14 July 2017 and a special interim dividend of 7.0p per Ordinary Share was paid in respect of the year ended 28 February 2018 on 17 November 2017.

The Board is proposing a final dividend for the year ended 28 February 2018 of 2.5p per Ordinary Share, to be paid on 20 July 2018 to Shareholders on the register at 22 June 2018.

DIRECTORS

With the exception of Neal Ransome, who was appointed to the Board effective 1 October 2017, the Directors, whose names and biographies are set out on page 18, all served throughout the year.

All the Directors will retire at the forthcoming Annual General Meeting and, with the exception of Andrew Davison, will offer themselves for election or re-election as appropriate. Andrew Davison has decided not to offer himself for re-election and will therefore step down as Chairman of the Company from the conclusion of the Annual General Meeting. Subject to Shareholders approving his election as a Director, the Board intends to appoint Neal Ransome as Chairman of the Company to replace Andrew Davison.

In order to support the resolutions to appoint or re-appoint all four Directors that are offering themselves for election or 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 18.

Each of the Directors has an agreed letter of appointment which is terminable by three months' rolling 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 28 February 2018 was 101,874,597.

At the 2017 Annual General Meeting, Shareholders authorised the Company to make market purchases of its own shares of up to 14.99% of the share capital in issue at that date and to waive pre-emption rights and issue up to 73,922,229 Ordinary Shares. At the current date, authority remains for the Company to make market purchases of up to 12,932,311 Ordinary Shares. Resolutions to renew the authority to make market purchases, issue Ordinary Shares and waive pre-emption rights will be put to Shareholders at the Annual General Meeting taking place on 11 July 2018.

During the year 3,826,881 shares were issued at between 97.4p and 98.3p per share, with an aggregate nominal value of £382,688 pursuant to the top-up offer for subscription dated 20 October 2017. The aggregate consideration for the shares was £3,756,863, which excluded share issue costs of £128,830.

Under the terms of the Company's Dividend Reinvestment Scheme, the Company allotted 323,319 Ordinary Shares at 105.4p per share to subscribing Shareholders on 14 July 2017 and 1,003,702 Ordinary Shares at 94.8p per share to subscribing Shareholders on 17 November 2017. In total, the aggregate consideration for the shares was £1,292,288.

During the year, the Company repurchased a further 1,842,278 Ordinary Shares for an aggregate consideration (net of costs) of £1,758,290 being an average price of 95.4p per share and which represented 1.9% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £184,228. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £8,815.

CANCELLATION OF SHARE PREMIUM RESERVE AND CAPITAL REDEMPTION RESERVE

The Company has previously cancelled its share premium reserve and capital redemption reserve to create a special reserve that can assist in writing off losses, which in turn enhances the ability for a company to make distributions and implement share buybacks. However, the issue of further shares and the repurchase of shares under the Company's share buybacks policy since the last cancellation took place in 2014 has resulted in the creation of further share premium and capital redemption reserve.

The Board therefore proposes at the Company's Annual General Meeting on 11 July 2018 to seek the approval of Shareholders to cancel the amounts standing to the credit of the share premium reserve and the capital redemption reserve of the Company, at a future date (as will be determined by the Board) when sanction of this additional authority by the Court is obtained. This will provide the Board with flexibility in managing the Company's reserves in a manner which it believes will best promote the interests of the Company and Shareholders.

AUDITOR

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in the Forest Room at the Hospital Club, 24 Endell Street, Covent Garden, WC2H 9HQ at 9.30 a.m. on Wednesday 11 July 2018. Notice of the Annual General Meeting is at the end of this document.

SUBSTANTIAL INTERESTS

As at 28 February 2018, 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 and Accounts 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 Accounts are made available on a website. The Annual Report and Accounts are published on the ProVen VCTs' website www.provenvcts.co.uk, 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' REPORT

CONTINUED

DIRECTORS' RESPONSIBILITIES PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULE 4

Each of the Directors, whose names are listed on page 18, confirms that to the best of each person's knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report, Chairman's Statement, Strategic Report, Investment Manager's Review and Review of Investments include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

CORPORATE GOVERNANCE

The Company's compliance with, and departures from, the Financial Reporting Council's UK Corporate Governance Code (www.frc.org.uk) are shown on page 27.

The Statement of Corporate Governance describes how the principles and supporting principles within the UK Corporate Governance Code, published in April 2016, have been applied by the Company throughout the year ended 28 February 2018, except where disclosed within the Statement of Corporate Governance.

POLITICAL DONATIONS

No political donations were made by the Company during the year ended 28 February 2018 (2017: £nil).

OTHER MATTERS

Information in respect of financial instruments, greenhouse gas emissions and future developments which were previously disclosed within the Directors' Report has been disclosed within the Strategic Report on pages 19 to 23.

POST BALANCE SHEET EVENTS

The Company made one new investment and three follow on investments after the year end totalling £7.5 million.

There were further investments in My 1st Years (£2.6 million), POQ Studio (£902,000) and Perfect Channel (£368,000).

In May 2018, the Company invested £3.6 million in Mycs, a Berlin based online retailer for customisable furniture. The investment will be used to expand the company's presence in Europe.

Also in May 2018, the Company realised its investments in Charterhouse Leisure and Conversity. Both of these investments had been substantially written down at the year-end and the realisations completed at amounts slightly above their respective carrying values at 28 February 2018.

On 1 June 2018, Richemont Holdings UK Limited, a subsidiary of the Swiss luxury group Compagnie Financière Richemont SA, agreed to acquire 100% of the share capital of Watchfinder. The transaction is subject to legal and regulatory approval and is expected to close in the summer of 2018.

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
5 June 2018

STATEMENT OF CORPORATE GOVERNANCE

The Directors support the relevant principles of the UK Corporate Governance Code issued in April 2016 (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 28 February 2018 except as set out below.

- the role of the chief executive (Code provision A.2.1);
- certain provisions applicable to FTSE 350 companies (Code provision B.6.2);
- executive directors and their remuneration (Code provisions B.3.3, D.1.1, D.1.2, D.2.2 and D.2.4); and
- procedures in relation to whistleblowing (Code provision C.3.5).

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 and the Board understands that the Investment Manager has whistleblowing procedures in place. 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 currently comprising five non-executive Directors. The Chairman is Andrew Davison and the Senior Independent Director is Barry Dean. At the forthcoming Annual General Meeting of the Company, Andrew Davison will not offer himself for re-election. Subject to Shareholders approving his election as a Director, the Board intends to appoint Neal Ransome as Chairman of the Company to replace Andrew Davison following the Annual General Meeting.

Andrew Davison, Barry Dean, Neal Ransome 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. The Board has reviewed the independence of Barry Dean and Andrew Davison and concluded that despite their long tenure, both continue to be independent. Both Directors are not involved in the day-to-day running of the Company and provide strong strategic insight to the Company as well as robust challenge to the Investment Manager. Malcolm Moss is not independent by virtue of being a partner of the Investment Manager. Biographical details of all Board members (including the significant commitments of the proposed Chairman) are shown on page 18.

In accordance with Company policy, all Directors will resign at the forthcoming Annual General Meeting. With the exception of Andrew Davison, who will retire from the Board, the other four Directors will offer themselves for election or re-election as appropriate.

Full Board meetings take place to discuss and approve the quarterly results of the Company and the Board may meet 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 in the Chairman’s Statement on pages 4 to 6 and the Directors’ Report on page 24.

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 28 February 2018.

Director	Board meetings		Audit Committee meetings		Remuneration Committee meetings		Nomination Committee meetings	
	held	attended	held	attended	held	attended	held	attended
Andrew Davison	7	7	2	2	2	2	3	3
Barry Dean	7	6	2	2	2	2	3	3
Malcolm Moss	7	7	n/a	n/a	n/a	n/a	n/a	n/a
Neal Ransome ¹	3	3	1	1	–	–	–	–
Lorna Tilbian	7	6	2	2	2	2	3	3

¹ Appointed on 1 October 2017

AUDIT COMMITTEE

The Company has an Audit Committee currently comprising of Barry Dean, as Chairman, Andrew Davison, Neal Ransome 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 25, and a statement by the Auditor about their reporting responsibilities is set out in the Independent Auditor's Report on page 40.

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

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

The Audit Committee has considered the Annual Report and Accounts for the year ended 28 February 2018 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	<p>The unquoted investment valuations are prepared by the Investment Manager and agreed by the Board on a quarterly basis. On an annual basis, at the year end, 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.</p> <p>No material issues were identified for the year ended 28 February 2018.</p>
Compliance with HM Revenue & Customs conditions for approval as a Venture Capital Trust and the consequent preservation and/or availability of tax reliefs for Shareholders.	<p>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 28 February 2018 showed compliance with all aspects of the VCT regulations as summarised on page 20. The Investment Manager regularly liaises with the Company's VCT status adviser in relation to VCT qualification on individual investments and from November 2015, given the change to the VCT rules, more robust processes were put in place to ensure VCT compliance of all investments being made.</p> <p>No material issues were identified for the year ended 28 February 2018.</p>

The Audit Committee reviews the performance and continued suitability of the Company's auditors. In advance of each audit, BDO LLP provides an audit strategy plan for consideration by the Committee, including confirmation of BDO's compliance with the Ethical Standards of the Financial Reporting Council 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 and Accounts 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. Upon Andrew Davison's retirement from the Board at the forthcoming Annual General Meeting, the Remuneration Committee will be chaired by Neal Ransome. 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. Upon Andrew Davison's retirement from the Board at the forthcoming Annual General Meeting, the Nomination Committee will be chaired by Neal Ransome.

STATEMENT OF CORPORATE GOVERNANCE

CONTINUED

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.

During the year, the Nomination Committee, with the assistance of Trust Associates Limited, conducted a search for a new non-executive Director to join the Board. Trust Associates Limited, an external search consultancy company with no direct connection with the Company and specialising in non-executive Director appointments for investment companies, produced a shortlist of candidates for the Nomination Committee to consider. The candidates were considered on their individual merits by the Nomination Committee in recognition of the balance of skills, experience, independence and knowledge of the existing Board. The Nomination Committee then obtained independent references and conducted interviews with potential candidates, before an offer was extended to Neal Ransome, who joined the Board effective 1 October 2017. The Board intends, on the recommendation of the Nomination Committee, to appoint Neal Ransome as Chairman of the Company following the Annual General Meeting in light of Andrew Davison's decision not to offer himself for re-election.

Diversity

When considering a new appointment to the Board, the Nomination 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 2018 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 to assess the approach to risk, Board training and the Directors' ability to provide effective challenge.

Representatives of the Company Secretary were well placed to prepare an updated evaluation that i) is relevant and appropriate to the Company, ii) is understandable and iii) 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 2018 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 Annual General Meeting. 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 the ProVen VCTs is also held each year and Shareholders are invited to attend.

In addition to the formal business of the Annual General Meeting, representatives of the Investment Manager and the Board are available to answer any questions a Shareholder may have.

Separate resolutions are proposed at the Annual General Meeting on each substantially separate issue. The proxy votes are collated and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the Annual General Meeting. In order to comply with the UK Corporate Governance Code, proxy votes are announced at the Annual General Meeting, except in the event of a poll being called. The notice of the next Annual General Meeting 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 Accounts and Half Yearly report by the Audit Committee prior to Board approval; and
- A review by the Board of all financial announcements prior to release.

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 4 to 6, the Investment Manager's Review on pages 7 to 8, the Strategic Report on pages 19 to 23 and the Directors' Report on pages 24 to 26. 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 20. 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
5 June 2018

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. Upon Andrew Davison's retirement from the Board at the forthcoming Annual General Meeting, the Remuneration Committee will be chaired by Neal Ransome. An increase in Directors' remuneration in accordance with the current remuneration policy was recommended based on a review of similar companies and was effective from 1 March 2017. No increase to the existing rates of Directors' remuneration are proposed for the forthcoming year, however, subject to his election as a Director at the Company's Annual General Meeting, the Board intends to appoint Neal Ransome as Chairman of the Company. He will therefore receive remuneration based on his revised responsibility from the date of the Annual General Meeting.

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. Although no changes to the Directors' remuneration policy are proposed, as Shareholders last voted on the remuneration policy on 22 July 2015, an ordinary resolution will be proposed at the forthcoming Annual General Meeting to approve the Directors' remuneration policy as set out below.

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.

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

The Board receives feedback from Shareholders from time to time via direct correspondence, telephone calls, at the Annual General Meeting 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 Annual General Meeting and are taken into account in formulating the Directors' remuneration policy. At the last Annual General Meeting held on 4 July 2017, the following votes were received in respect of the resolution approving the Directors' Remuneration Report:

Voting	Votes received	Percentage
Votes for	4,452,228	83.7%
Votes for – discretion	397,425	7.5%
Votes against	467,236	8.8%
Votes received	5,316,889	100.0%
Votes withheld	58,399	

AGREEMENTS FOR SERVICE

Each of the Directors has an agreed letter of appointment whereby he or she is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his or her 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 11 July 2018.

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 36 to 40.

DIRECTORS' REMUNERATION (AUDITED)

Directors' fees for the year under review were as follows:

	Year ended 28 Feb 2018 £	Year ended 28 Feb 2017 £
Andrew Davison (Chairman)	37,500	35,000
Barry Dean	30,000	27,500
Malcolm Moss	15,000	15,000
Neal Ransome ¹	12,500	–
Lorna Tilbian	30,000	27,500
	125,000	105,000

¹ Appointed on 1 October 2017

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.

DIRECTORS' REMUNERATION REPORT

CONTINUED

DIRECTORS' REMUNERATION FOR THE YEAR TO 28 FEBRUARY 2019

The remuneration levels for the year to 28 February 2019 are expected to be:

	Expected Annual Expense £
Andrew Davison ¹	13,636
Neal Ransome ¹	34,773
Barry Dean	30,000
Malcolm Moss	15,000
Lorna Tilbian	30,000
	123,409

¹ Andrew Davison will retire from the Board at the forthcoming Annual General Meeting to be held on 11 July 2018. Up to and including this date, his remuneration will be based on an annual fee of £37,500. Subject to Shareholders approving his election as a Director at the Annual General Meeting, the Board intends to appoint Neal Ransome as Chairman of the Company to replace Andrew Davison. Up to and including the date of the Annual General Meeting, his remuneration will be based on an annual fee of £30,000. Once appointed as Chairman, his remuneration will then increase to an annual fee of £37,500, which is equal to the current annual remuneration level for Andrew Davison, the existing Chairman.

INSURANCE COVER

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

DIRECTORS

The Directors of the Company during the year and their beneficial interests in the issued Ordinary Shares of the Company at 28 February 2018 and 28 February 2017 were as follows:

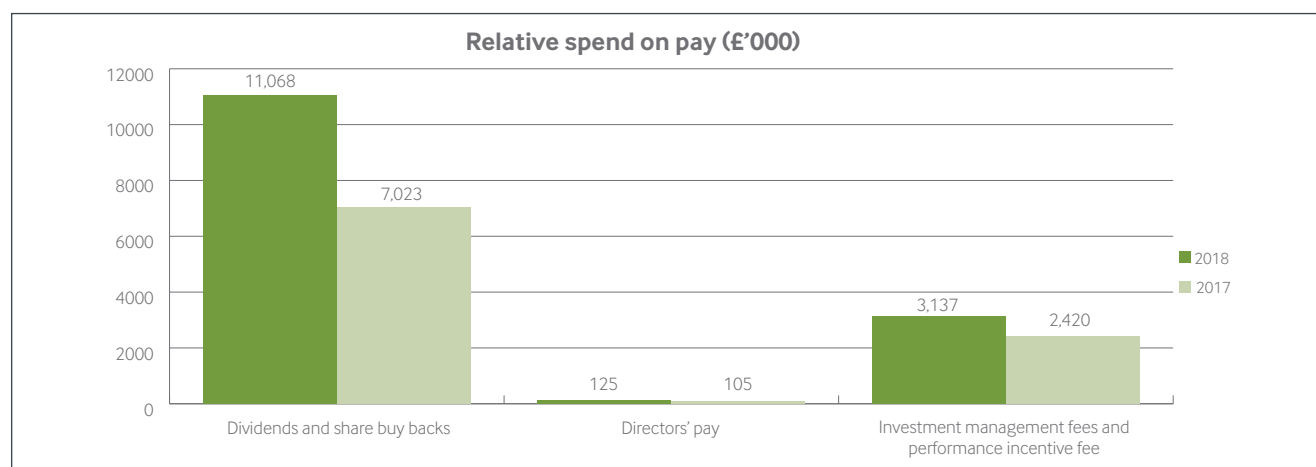
Director	28 Feb 2018	28 Feb 2017
Andrew Davison	63,185	52,874
Barry Dean	29,252	29,252
Malcolm Moss	50,714	24,937
Neal Ransome	20,411	–
Lorna Tilbian	–	–

There have been no movements in respect of Directors' holdings since the year end.

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

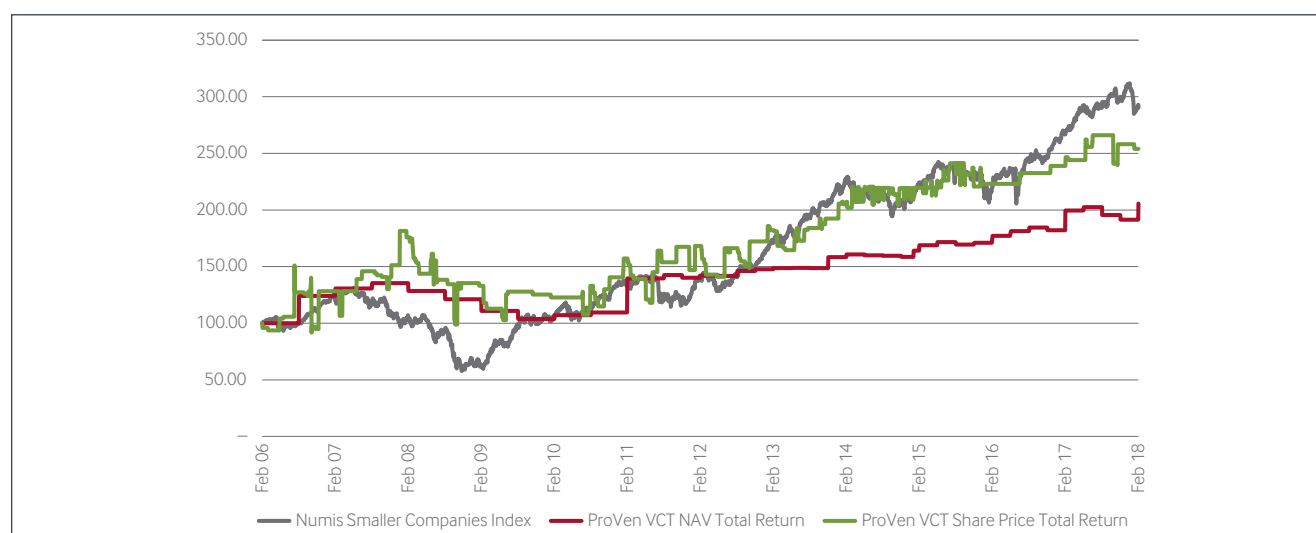
RELATIVE IMPORTANCE OF SPEND ON PAY

The difference in actual spend between 2018 and 2017 on remuneration for all Directors 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 2006 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 2006.



By order of the Board

Beringea LLP

Company Secretary
39 Earlham Street
London WC2H 9LT
5 June 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROVEN VCT PLC

OPINION

We have audited the financial statements of ProVen VCT plc ("the Company") for the year ended 28 February 2018, which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and Notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2018 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.

BASIS FOR OPINION

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

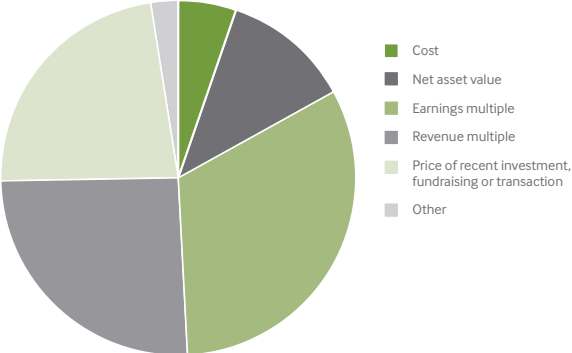
CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

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

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

KEY AUDIT MATTERS

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

Matter	Audit response														
<p><i>Valuation of investments</i></p> <p>We consider the valuation of investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.</p> <p>There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the net asset value of the Company.</p> <p>The Company's accounting policy for assessing the fair value of investments is disclosed on page 46 in note 1 and disclosures regarding the fair value estimates are given on pages 56 and 57 in note 17.</p>	<p>A breakdown of the unquoted investment portfolio by valuation technique is shown below.</p>  <table border="1"> <caption>Valuation Techniques by Percentage (Estimated)</caption> <thead> <tr> <th>Valuation Technique</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Earnings multiple</td> <td>45%</td> </tr> <tr> <td>Revenue multiple</td> <td>25%</td> </tr> <tr> <td>Price of recent investment, fundraising or transaction</td> <td>15%</td> </tr> <tr> <td>Net asset value</td> <td>10%</td> </tr> <tr> <td>Other</td> <td>3%</td> </tr> <tr> <td>Cost</td> <td>2%</td> </tr> </tbody> </table> <p>We selected a sample of unquoted investments for audit testing. For all investments in our sample we:</p> <ul style="list-style-type: none"> • Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and UK GAAP; and • Recalculated the value attributable to the Company. <p>For investments sampled that were valued using less subjective valuation techniques (cost and price of recent investment) we:</p> <ul style="list-style-type: none"> • Verified the cost or price of recent investments to supporting documentation; • Considered whether the investment was an arm's length transaction; and • Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering the current performance of the investee company. <p>For investments sampled that were valued using more subjective techniques (earnings and revenue multiples) we:</p> <ul style="list-style-type: none"> • Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements; • Challenged the historical financial statements and any recent management information available to support assumptions about maintainable revenues and earnings used in the valuations; • Considered the revenue or earnings multiples applied by reference to observable listed company market data; and • Challenged the consistency and appropriateness of adjustments made to such market data in establishing the multiple applied in arriving at the valuations adopted. <p>Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable.</p>	Valuation Technique	Percentage	Earnings multiple	45%	Revenue multiple	25%	Price of recent investment, fundraising or transaction	15%	Net asset value	10%	Other	3%	Cost	2%
Valuation Technique	Percentage														
Earnings multiple	45%														
Revenue multiple	25%														
Price of recent investment, fundraising or transaction	15%														
Net asset value	10%														
Other	3%														
Cost	2%														

INDEPENDENT AUDITOR'S REPORT

CONTINUED

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could reasonably influence the economic decisions of users that are taken on the basis of the financial statements.

Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The application of these key considerations gives rise to different levels of materiality, the quantum and purpose of which are tabulated below. In setting materiality, we had regard to the nature and disposition of the investment portfolio.

Materiality Measure [Basis]	Purpose	Key considerations	2018 Quantum (£)	2017 Quantum (£)
Financial Statement Materiality [2% value of investments]	Assessing whether the financial statements as a whole present a true and fair view. We consider this to be the key measurement for shareholders.	<ul style="list-style-type: none">• The value of investments• The level of judgement inherent in the valuation• The range of reasonable alternative valuation	1,440,000	1,420,000
Performance Materiality [75% of materiality]	The maximum error in an assertion that we would be prepared to accept and still conclude that the result from an audit procedure has achieved our objective.	<ul style="list-style-type: none">• The value of investments• The level of judgement inherent in the valuation• The range of reasonable alternative valuation	1,080,000	1,065,000
Specific Materiality – classes of transactions and balances which impact on revenue return [2% of expenses]	Assessing those classes of transactions, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	<ul style="list-style-type: none">• The level of expenses	75,000	55,000

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £28,000 (2017: £10,000). We agreed with the Audit Committee that we would also report to the committee all individual audit differences impacting on revenue return in excess of £3,500 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken by the Board 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.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following a recommendation of the Audit Committee, we were reappointed by the Board of Directors on 4 July 2017 to audit the financial statements for the year ended 28 February 2018 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ending 29 February 2012 to 28 February 2018.

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

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

USE OF OUR REPORT

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

Michelle Carroll (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
5 June 2018

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

INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2018

		Year ended 28 February 2018			Year ended 28 February 2017		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	528	–	528	949	–	949
Realised gains on investments	10	–	3,359	3,359	–	4,715	4,715
Unrealised gains on investments	10	–	2,828	2,828	–	9,419	9,419
		528	6,187	6,715	949	14,134	15,083
Investment management fees	3	(503)	(1,510)	(2,013)	(499)	(1,495)	(1,994)
Performance incentive fees	4	–	(1,124)	(1,124)	–	(426)	(426)
Other expenses	5	(610)	(28)	(638)	(425)	(11)	(436)
(Loss)/return on ordinary activities before tax		(585)	3,525	2,940	25	12,202	12,227
Tax on ordinary activities	7	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders		(585)	3,525	2,940	25	12,202	12,227
Basic and diluted (loss)/return per share	9	(0.6p)	3.6p	3.0p	0.0p	12.7p	12.7p

All revenue and capital movements in the year relate to continuing operations. No operations were acquired or discontinued during the year. The total column within the Income Statement represents the 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 28 FEBRUARY 2018

Year ended 28 February 2018

	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share premium reserve £'000	Share capital to be issued £'000	Revaluation reserve £'000	Capital reserve— realised £'000	Revenue reserve £'000	Total £'000
At 1 March 2017	9,856	3,653	16,666	48,252	—	16,329	10,406	(423)	104,739
Issue of new shares	515	—	—	4,534	—	—	—	—	5,049
Share buybacks	(184)	184	(1,767)	—	—	—	—	—	(1,767)
Share issue costs	—	—	(129)	—	—	—	—	—	(129)
Total comprehensive income	—	—	—	—	—	2,828	697	(585)	2,940
Transfer of previously unrealised gains now realised	—	—	—	—	—	(3,790)	3,790	—	—
Realised losses on investments still held	—	—	—	—	—	4,310	(4,310)	—	—
Dividends paid	—	—	(9,301)	—	—	—	—	—	(9,301)
At 28 February 2018	10,187	3,837	5,469	52,786	—	19,677	10,583	(1,008)	101,531

Year ended 28 February 2017

	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share premium reserve £'000	Share capital to be issued £'000	Revaluation reserve £'000	Capital reserve— realised £'000	Revenue reserve £'000	Total £'000
At 1 March 2016	6,547	3,587	24,457	16,985	20,576	7,514	7,019	(153)	86,532
Issue of new shares	3,375	—	—	31,267	(20,576)	—	—	—	14,066
Share buybacks	(66)	66	(631)	—	—	—	—	—	(631)
Share issue costs	—	—	(1,063)	—	—	—	—	—	(1,063)
Total comprehensive income	—	—	—	—	—	9,419	2,783	25	12,227
Transfer of previously unrealised gains now realised	—	—	—	—	—	(604)	604	—	—
Dividends paid	—	—	(6,097)	—	—	—	—	(295)	(6,392)
At 28 February 2017	9,856	3,653	16,666	48,252	—	16,329	10,406	(423)	104,739

The special reserve, capital reserve – realised and revenue reserve are all distributable reserves. Reserves available for distribution therefore amount to £15,044,000 (2017: £26,649,000).

During the year the Company repurchased 1,842,278 shares (2017: 664,369) with a nominal value of £184,000 (2017: £66,000). All shares were subsequently cancelled.

The composition of each of these reserves is explained below:

Called up share capital – The nominal value of shares issued, increased for subsequent share issues either via an offer for subscription or the Company's dividend reinvestment scheme, or reduced due to shares bought back by the Company for cancellation.

Capital redemption reserve – The nominal value of shares bought back and cancelled.

Special reserve – A distributable reserve which is used to fund shares bought back by the Company for cancellation and share issue costs on shares issued under an Offer for Subscription. Dividends that are classified as capital may be paid from this reserve.

Share premium reserve – This reserve contains the excess of gross proceeds over the nominal value of shares allotted under offers for subscription and the Company's dividend reinvestment scheme, to the extent that it has not been cancelled.

Share capital to be issued – This reserve contains the amount that has been raised under open offers for subscription, but which at the relevant period end had not been allotted.

Revaluation reserve – Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit and loss, all such movements through both revaluation and capital reserve – realised are shown within the Income Statement for the year.

Capital reserve – realised – The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of the investment manager's fee expense and 100% of any performance incentive fee payable; and
- Other capital expenses and charges.

Dividends that are classified as capital may be paid from this reserve.

Revenue reserve – Income and expenses that are revenue in nature are accounted for in this reserve together with the related tax effect, as well as dividends paid that are classified as revenue in nature.

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

STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2018

		28 February 2018	28 February 2017
		Total	Total
	Note	£'000	£'000
Fixed assets			
Investments	10	73,840	72,216
Current assets			
Debtors	11	574	592
Cash at bank and in hand		28,671	33,210
		29,245	33,802
Creditors: amounts falling due within one year	12	(1,554)	(1,279)
Net current assets		27,691	32,523
Total assets less current liabilities		101,531	104,739
Capital and reserves			
Called up share capital	13	10,187	9,856
Capital redemption reserve		3,837	3,653
Special reserve		5,469	16,666
Share premium reserve		52,786	48,252
Share capital to be issued		–	–
Revaluation reserve		19,677	16,329
Capital reserve – realised		10,583	10,406
Revenue reserve		(1,008)	(423)
Total equity shareholders' funds		101,531	104,739
Basic and diluted net asset value per share	14	99.7p	106.3p

The financial statements on pages 41 to 58 were approved and authorised for issue by the Board of Directors on 5 June 2018 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 28 FEBRUARY 2018

		Year ended 28 February 2018	Year ended 28 February 2017
		Total	Total
	Note	£'000	£'000
Net cash used in operating activities	15	(2,944)	(4,140)
Cash flows from investing activities			
Purchase of investments		(7,710)	(10,181)
Sale of investments		12,239	13,874
Net cash from investing activities		4,529	3,693
Cash flows from financing activities			
Proceeds from share issues		3,757	33,767
Share issue costs		(129)	(1,063)
Purchase of own shares		(1,742)	(710)
Share capital to be issued		–	(20,576)
Equity dividends paid		(8,010)	(5,516)
Net cash (used in)/from financing		(6,124)	5,902
(Decrease)/increase in cash and cash equivalents	16	(4,539)	5,455

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

'Net cash used in operating activities' includes interest received of £472,000 (2017: £579,000) and dividends received of £88,000 (2017: £ nil). No interest was paid during the period.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28 FEBRUARY 2018

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 January 2017.

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 pages 27 to 31.

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

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.

NOTES TO THE ACCOUNTS

CONTINUED

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

	2018 £'000	2017 £'000
Income from investments		
Loan stock interest	374	924
Dividend income	88	–
	462	924
Other income		
Deposit interest	66	25
	528	949

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

	2018 £'000	2017 £'000
Investment management fees	2,013	1,994

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

	2018 £'000	2017 £'000
Performance incentive fees	1,124	426

Beringea LLP are entitled to receive performance incentive fees as described in the Strategic Report on pages 19 to 23.

5. OTHER EXPENSES

	2018 £'000	2017 £'000
Administration services	59	57
Directors' remuneration	125	105
Social security costs and irrecoverable VAT on Directors' remuneration	7	12
Trail commission	174	71
Auditor's remuneration for the audit of the Company's annual accounts	25	21
Auditor's remuneration – other assurance services	11	–
Auditor's remuneration – non-audit services: tax compliance ¹	2	4
Other expenses	235	166
	638	436

Included within other expenses is £28,000 (2017: £11,000) allocated to capital expenses in respect of expenses incurred in relation to investments. All other expenses are allocated as revenue costs.

¹The amount for non-audit services: tax compliance services for the year ended 28 February 2018 represents an expense for the year ended 28 February 2017 in excess of the amount previously accrued.

6. DIRECTORS' REMUNERATION

Details of remuneration (excluding employers' NIC and VAT) are given in the Directors' Remuneration Report on page 33.

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

	2018 £'000	2017 £'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 tax	2,940	12,227
Tax charge calculated on operating profit at the applicable rate of 19% (2017: 20%)	559	2,445
Effects of:		
UK dividend income	(17)	–
Gains on investments	(1,176)	(2,827)
Expenses disallowed for tax purposes	7	4
Excess management fees	627	378
	–	–

NOTES TO THE ACCOUNTS

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(c) Excess management fees

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £14,757,000 (2017: £11,461,000). The deferred tax asset of £2,804,000 (2017: £2,292,000) 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 28 February 2018.

8. DIVIDENDS

		Year ended 28 February 2018			Year ended 28 February 2017		
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Ordinary Share dividends paid in the year							
2016 Final	4.0	–	–	–	295	3,637	3,932
2017 Interim	2.5	–	–	–	–	2,460	2,460
2017 Final	2.5	–	2,453	2,453	–	–	–
2018 Special Interim	7.0	–	6,848	6,848	–	–	–
		–	9,301	9,301	295	6,097	6,392
Proposed dividends							
2017 Final	2.5	–	–	–	–	2,464	2,464
2018 Final	2.5	–	2,547	2,547	–	–	–

9. BASIC AND DILUTED RETURN PER SHARE

	Year ended 28 February 2018	Year ended 28 February 2017
Revenue (loss)/return per share based on:		
Net (loss)/revenue after taxation (£'000)	(585)	25
Weighted average number of shares in issue	99,268,215	96,579,861
Pence per share	(0.6)	0.0
Capital return per share based on:		
Net capital gain for the financial year (£'000)	3,525	12,202
Weighted average number of shares in issue	99,268,215	96,579,861
Pence per share	3.6	12.7
Total return per share based on:		
Total return for the financial year (£'000)	2,940	12,227
Weighted average number of shares in issue	99,268,215	96,579,861
Pence per share	3.0	12.7

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 2017	1,101	55,835	56,936
Unrealised (losses)/gains at 1 March 2017	(328)	16,650	16,322
Realised losses on investments still held at 1 March 2017	(740)	(302)	(1,042)
Opening fair value at 1 March 2017	33	72,183	72,216
Movement in year:			
Purchases at cost	287	7,710	7,997
Sales – proceeds	–	(12,560)	(12,560)
– realised gains on sales	–	3,359	3,359
Unrealised (losses)/gains in the income statement	(86)	2,914	2,828
Closing fair value at 28 February 2018	234	73,606	73,840
Closing cost at 28 February 2018	1,388	58,134	59,522
Unrealised (losses)/gains at 28 February 2018	(414)	20,084	19,670
Realised losses on investments still held at 28 February 2018	(740)	(4,612)	(5,352)
Closing fair value at 28 February 2018	234	73,606	73,840

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
Perfect Channel Limited	Price of recent fundraising	Price of recent transaction	(4,248)
MEL Topco Limited (t/a Maplin)	Discounted EBITDA multiple	Full provision	(2,253)
Chargemaster plc	Discounted revenue multiple	Price of recent transaction	2,459
Blis Media Limited	Price of recent fundraising	Discounted revenue multiple	(2,073)
Infinity Reliance Limited (t/a My 1st Years)	Price of recent investment	Discounted revenue multiple	1,819
Disposable Cubicle Curtains Limited	Price of recent fundraising	Discounted revenue multiple	(1,218)
Monica Vinader Limited	Price of recent transaction	Discounted revenue multiple	1,010
Lantum Limited (formerly Network Locum Limited)	Discounted revenue multiple	Full provision	(698)
ContactEngine Limited	Price of recent investment	Discounted revenue multiple	613
Thread, Inc.	Price of recent investment	Price of recent fundraising	157
Utility Exchange Online Limited	Discounted revenue multiple	Full provision	(52)
Firefly Learning Limited	Price of recent investment	Discounted revenue multiple	–
			(4,484)

An analysis of venture capital investments is set out in the review of the investments on pages 11 to 17. Note 17 includes an analysis of the fair value of the financial instruments.

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11. DEBTORS

	2018 £'000	2017 £'000
Other debtors	13	13
Prepayments and accrued Income	561	579
	574	592

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Other social security costs	12	12
Accruals	1,542	1,267
	1,554	1,279

13. CALLED UP SHARE CAPITAL

	2018 £'000	2017 £'000
Issued, allotted, called up and fully-paid:		
101,874,597 (2017: 98,562,973) Ordinary Shares of 10p each	10,187	9,856

During the year 3,826,881 shares were issued at between 97.4p and 98.3p per share, with an aggregate nominal value of £382,688 pursuant to the offer for subscription dated 20 October 2017. The aggregate consideration for the shares was £3,756,863 which excluded share issue costs of £128,830.

Under the terms of the Company's Dividend Reinvestment Scheme the Company allotted 323,319 Ordinary Shares at 104.5p per share to subscribing Shareholders on 14 July 2017 and 1,003,702 Ordinary Shares at 94.8p per share to subscribing Shareholders on 17 November 2017. In total, the aggregate consideration for the shares was £1,292,288.

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

During the year, the Company repurchased a further 1,842,278 Ordinary Shares for an aggregate consideration (net of costs) of £1,758,290 being an average price of 95.4p per share and which represented 1.9% of the Company's issued share capital at the start of the year and which had an aggregate nominal value of £184,228. These shares were subsequently cancelled. Costs relating to the share repurchases amounted to £8,815. These shares were repurchased in accordance with the Company's buyback policy in order to provide liquidity to Shareholders.

The below table sets out a reconciliation of the movement in Ordinary Shares during the year. All Ordinary Shares have full voting, dividend and capital distribution rights.

	2018	2017
Ordinary Shares brought forward	98,562,973	65,473,795
Ordinary Shares issued	5,153,902	33,753,547
Ordinary Shares repurchased for cancellation	(1,842,278)	(664,369)
Ordinary Shares carried forward	101,874,597	98,562,973

14. BASIC AND DILUTED NET ASSET VALUE PER SHARE

	Shares in issue		2018		2017	
	2018	2017	Pence per share	Net asset value £'000	Pence per share	Net asset value £'000
Ordinary Shares	101,874,597	98,562,973	99.7p	101,531	106.3	104,739

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

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

	2018 £'000	2017 £'000
Return on ordinary activities before taxation	2,940	12,227
Gain on investments	(6,187)	(14,134)
Decrease/(increase) in prepayments, accrued income and other debtors	53	(241)
Increase/(decrease) in accruals and other creditors	250	(1,992)
Net cash used in operating activities	(2,944)	(4,140)

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

	2018 £'000	2017 £'000
Beginning of year	33,210	27,755
Net cash (outflow)/inflow for the year	(4,539)	5,455
End of year	28,671	33,210

17. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise investments held at fair value through 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.

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

Market risks

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

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

- Market price risk; and
- Interest rate risk.

Market price risk

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

At 28 February 2018, the AIM-quoted portfolio was valued at £234,000 (2017: £33,000).

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 investments held by the Company would have an effect as follows:

	Impact on net assets £'000	2018 Impact on NAV per share Pence	Impact on net assets £'000	2017 Impact on NAV per share Pence
10% movement in AIM-quoted investments				
AIM-quoted investments	23	0.0p	3	0.0p

At 28 February 2018, the unquoted portfolio was valued at £73,606,000 (2017: £72,183,000).

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:

	Impact on net assets £'000	2018 Impact on NAV per share Pence	Impact on net assets £'000	2017 Impact on NAV per share Pence
10% movement in unquoted investment valuations				
Unquoted investments	7,361	7.2p	7,218	7.3p

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

Interest rate risk

The Company is exposed to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers. 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.
- "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	2018 £'000	2017 £'000
Fixed rate	6.3%	747 days	13,791	20,867
Floating rate	0.5%	12 days	29,620	34,159
No interest rate			58,120	49,713
			101,531	104,739

The Company monitors the level of income received from fixed, floating and non-interest bearing 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 £296,000 (2017: £342,000). Given the low level of interest rates through the year, a further decrease is not considered likely.

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 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:

	2018 £'000	2017 £'000
Investments in loan stocks	14,741	21,815
Cash and cash equivalents	28,671	33,210
Interest, dividends and other receivables	480	534
	43,892	55,559

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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 (£1.6 million relative to cash balances of £28.7 million at 28 February 2018) 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.

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 loan stock assets if it were required to do so.

The carrying value of loan stock investments (as opposed to the contractual cash flows) held at 28 February 2018, which is analysed by expected maturity date, is as follows:

	Not later than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 3 years £'000	Between 3 and 5 years £'000	More than 5 years £'000	Total £'000
As at 28 February 2018						
Fully performing loan stock	3,789	813	9,115	—	—	13,717
Past due loan stock	—	—	—	1,024	—	1,024
	3,789	813	9,115	1,024	—	14,741
As at 28 February 2017						
Fully performing loan stock	2,141	2,447	3,835	12,167	—	20,590
Past due loan stock	201	—	1,024	—	—	1,225
	2,342	2,447	4,859	12,167	—	21,815

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 1 Reflects financial instruments quoted in an active market.
Level 2 Reflects financial instruments that have been valued using inputs, other than quoted prices, that are observable.
Level 3 Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

	2018				2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	234	–	–	234	33	–	–	33
Loan notes	–	–	14,741	14,741	–	–	21,815	21,815
Unquoted equity	–	–	49,918	49,918	–	–	45,884	45,884
Preference shares	–	–	8,947	8,947	–	–	4,484	4,484
	234	–	73,606	73,840	33	–	72,183	72,216

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

	Loan Notes £'000	Unquoted Equity £'000	Total £'000
Balance at 1 March 2017	21,815	50,368	72,183
Movements in the Income Statement:			
(Losses)/gains in the Income Statement	(3,544)	9,817	6,273
Purchases at cost	130	7,580	7,710
Sales proceeds	(3,660)	(8,900)	(12,560)
Balance at 28 February 2018	14,741	58,865	73,606

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 pages 54 and 55.

18. CAPITAL MANAGEMENT

The Company's capital is managed in accordance with its investment policy as shown in the Strategic Report on pages 19 and 20, in pursuit of its principal investment objectives as stated on page 19. There has been no significant change in the objectives, policies or processes for managing capital from the previous year.

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

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

NOTES TO THE ACCOUNTS

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19. POST BALANCE SHEET EVENTS

The Company made one new investment and three follow on investments after the year end totalling £7.5 million.

There were further investments in My 1st Years (£2.6 million), POQ Studio (£902,000) and Perfect Channel (£368,000).

In May 2018, the Company invested £3.6 million in Mycs, a Berlin based online retailer for customisable furniture. The investment will be used to expand the company's presence in Europe.

Also in May 2018, the Company realised its investments in Charterhouse Leisure and Conversity. Both of these investments had been substantially written down at the year-end and the realisations completed at amounts slightly above their respective carrying values at 28 February 2018.

On 1 June 2018, Richemont Holdings UK Limited, a subsidiary of the Swiss luxury group Compagnie Financière Richemont SA, agreed to acquire 100% of the share capital of Watchfinder. The transaction is subject to legal and regulatory approval and is expected to close in the summer of 2018. Based on the expected completion proceeds, less a discount to reflect the risk of non-completion, the estimated uplift on the net asset value at 28 February 2018 is expected to be 10.3p per share.

20. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 28 February 2018 before any performance fee accrual and cumulative dividends paid up to this date, a maximum performance fee of £2.4 million is payable in relation to certain fundraisings for which the performance hurdles have been achieved. However, the performance fee structure contains certain restrictions to ensure that the hurdles continue to be met after the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, a performance fee of £1.1 million is payable to Beringea. An accrual for this amount has been included within the accounts and is reflected in the NAV per share.

A contingent liability of £1.3 million, being the difference between the maximum performance fee and the amount accrued at 28 February 2018, therefore exists at the year end.

The Company had no other 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 28 February 2018, £2,013,000 was payable to Beringea LLP in respect of these services (2017: £1,994,000). At the period end the Company owed Beringea LLP £155,000 (2017: £492,000).

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 page 21. For the year ended 28 February 2018, a performance incentive fee of £1,124,000 is payable (2017: £426,000). At the period end an amount of £1,124,000 was outstanding (2017: £426,000).

Beringea LLP was also the Company's Administration Manager during the period. Fees paid to Beringea in its capacity as Administration Manager for the year ended 28 February 2018 amounted to £59,000 (2017: £57,000) of which £15,000 remained outstanding at the year-end (2017: £14,000).

Beringea LLP also acted as promoter for the Offer for Subscription dated 20 October 2017. The fees in the period amount to £129,000 (2017: £1,063,000) 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 (2017: £nil).

During the year ended 28 February 2018, an amount of £125,000 (2017: £105,000) was payable to the Directors of the Company as remuneration for services provided to the Company. No amount was outstanding at the year-end (2017: £nil).

APPENDIX A: EXISTING INVESTMENT POLICY

The Company's existing Investment Policy is set out below for comparison to the proposed revisions set out on pages 19 and 20 of the Strategic Report.

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, but not in start-ups or management buy-outs or businesses seeking to use funding to acquire other businesses. Investments are spread across a range of different sectors.

Other investments

Funds not invested in qualifying investments may be invested in non-qualifying investments permitted for liquidity management purposes, which include cash, alternative investment funds ("AIFs") and UCITS which may be redeemed on no more than 7 days' notice, or ordinary shares or securities in a company that are acquired on an EU regulated market.

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount equal to the nominal capital of the Company and its distributable and undistributable reserves.

Venture capital trust regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax Act 2007. How the main regulations apply to the Company is summarised as follows:

- i) the Company holds at least 70 per cent. of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
- ii) at least 30 per cent. (70 per cent. in the case of funds raised after 5 April 2011) of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible share" generally being ordinary share capital);
- iii) at least 10 per cent. of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
- iv) no investment constitutes more than 15 per cent. of the Company's portfolio (by value at time of investment);
- v) the Company's income for each financial year is derived wholly or mainly from shares and securities;
- vi) the Company distributes sufficient revenue dividends to ensure that not more than 15 per cent. of the income from shares and securities in any one year is retained;
- vii) as required by the Finance Act 2014, the Company has not made a prohibited payment to Shareholders derived from an issue of shares since 6 April 2014;
- viii) no investment made by the Company causes an investee company to receive more than the permitted investment from State Aid sources (including from VCTs);
- ix) since the Finance (No. 2) Act 2015 received Royal Assent on 18 November 2015, the Company has not made an investment in a company which exceeds the maximum permitted age requirement;
- x) the funds invested by the Company in another company since the Finance (No. 2) Act 2015 received Royal Assent on 18 November 2015 have not been used to make a prohibited acquisition; and
- xi) as required by the Finance Act 2016, the Company has not made a prohibited non-qualifying investment since 6 April 2016.

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 Link Asset Service's website at **www.signalshares.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.linkassetservices.com). Queries relating to dividends and requests for mandate forms should be directed to the Company's Registrar, Link Asset Services, 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 (5 June 2018):

86.50p 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 2013/2014 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 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

11 July 2018 Annual General Meeting

October 2018 Announcement of half year results

Unsolicited communication with Shareholders

We are aware of cases in previous years 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, Link Asset Services, 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, Link Asset Services, under the signature of the registered holder.

COMPANY INFORMATION

Company number **3911323**

Directors

Andrew Davison (Chairman)

Barry Dean

Malcolm Moss

Neal Ransome

Lorna Tilbian

all of

39 Earlham Street

London WC2H 9LT

Investment manager

Beringea LLP

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.co.uk

Registrars

Link Asset Services

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

Tel: 0371 664 0324

(calls cost 10p per minute plus network extras)

www.linkassetservices.com

Auditor

BDO LLP

55 Baker Street

London

W1U 7EU

Corporate Broker

Panmure Gordon (UK) Limited

One New Change

London EC4M 9AF

Company Secretary

Beringea LLP

39 Earlham Street

London WC2H 9LT

Registered office

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

Administration manager

Beringea LLP

39 Earlham Street

London WC2H 9LT

Tel: 020 7845 7820

www.provenvcts.co.uk

VCT status adviser

Philip Hare & Associates LLP

Suite C – First Floor, 4-6 Staple Inn

London

WC1V 7QH

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 Forest Room at The Hospital Club, 24 Endell Street, London, WC2H 9HQ at 9.30 a.m. on Wednesday 11 July 2018 for the transaction of the following business:

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

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 28 February 2018 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 32 of the Directors' Remuneration Report, for the year ended 28 February 2018.
3. To approve the Directors' Remuneration Policy, set out on page 32 of the Directors' Remuneration Report, which takes effect immediately after the end of the Annual General Meeting on 11 July 2018.
4. To declare a final dividend of 2.5p per Ordinary Share in respect of the year ended 28 February 2018.
5. To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.
6. To elect as Director, Neal Ransome, who retires in accordance with Company policy and, being eligible, offers himself for election.
7. To re-elect as Director, Barry Dean, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
8. To re-elect as Director, Malcolm Moss, who retires in accordance with Company policy and, being eligible, offers himself for re-election.
9. To re-elect as Director, Lorna Tilbian, who retires in accordance with Company policy and, being eligible, offers herself for re-election.

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

ORDINARY RESOLUTIONS

10. THAT, the proposed investment policy set out on pages 19 and 20 of the Strategic Report be and is hereby adopted as the investment policy of the Company to the exclusion of all previous investment policies of the Company.
11. 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 £7,640,594 (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

12. 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 11 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.

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

13. 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:
- (i) the maximum number of Ordinary Shares hereby authorised to be purchased is 15,271,001 representing approximately 14.99% of the present issued Ordinary Share capital of the Company;
 - (ii) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 10p the nominal amount thereof;
 - (iii) 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;
 - (iv) 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.
14. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the share premium account of the Company, as at the date the court order is made confirming such cancellation, be cancelled.
15. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the Company's capital redemption reserve of the Company, as at the date that the court order granting the cancellation is made, be cancelled.

By order of the Board

Beringea LLP

Company Secretary
Registered Office
39 Earlham Street
London WC2H 9LT
5 June 2018

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

Note: Please see the notes set out on pages 65 and 66 which contain important information about the Annual General Meeting.

Notes to the Notice of the Annual General Meeting

The following notes explain your general rights as a Shareholder and your right to attend and vote at the Annual General Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), Shareholders must be registered in the Register of Members of the Company at close of trading on 9 July 2018. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
2. Shareholders, or their proxies, intending to attend the Annual General Meeting in person are requested, if possible, to arrive at the Annual General Meeting venue at least 20 minutes prior to the commencement of the Annual General Meeting at 9.30 a.m. on 11 July 2018 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. A Shareholder 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 Ordinary Share or Ordinary Shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the registrar of the Company whose contact details are provided below.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. 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, your proxy will vote or abstain from voting at his or her discretion. Your 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.
6. To be valid, any Form of Proxy or other instrument appointing a proxy, must be returned by no later than 9.30 a.m. on 9 July 2018 through any one of the following methods:
 - i) by post, courier or (during normal business hours only) hand to the Company's UK registrar at:
Link Asset Services
PXS1
34 Beckenham Road
Beckenham
BR3 4ZF;
 - ii) electronically through the website of the Company's UK registrar at www.signalshares.com; or
 - iii) in the case of shares held through CREST, via the CREST system (see notes below);
7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all Shareholders and those who use them will not be disadvantaged.
8. The return of a completed Form of Proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a Shareholder from attending the Annual General Meeting and voting in person if he/she wishes to do so.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting (and any adjournment of the Annual General Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

NOTICE OF THE ANNUAL GENERAL MEETING

CONTINUED

10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 9.30 a.m. on 9 July 2018. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
13. As at 4 June 2018 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 101,874,597 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 4 June 2018 are 101,874,597.
14. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
15. Any Shareholder attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
16. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Annual General Meeting and may also be inspected at the Annual General Meeting venue, as specified in this Notice, for at least 15 minutes prior to the Annual General Meeting until its conclusion:
 - copies of the Directors' Letters of Appointments; and
 - Copies of the Register of Directors' interests in the Ordinary Shares of the Company.
17. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.provenvcts.co.uk.



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